

JPRS-WER-86-124

31 DECEMBER 1986

# West Europe Report

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

31 DECEMBER 1986

## WEST EUROPE REPORT

## CONTENTS

## POLITICAL

## BELGIUM

- Flemish Socialist Party Maintains Position on Issues  
(Jos Grobben; KNACK, 29 Oct 86) ..... 1

## DENMARK

- Jorgensen Makes Changes in Party's Parliamentary Group  
(Morten Larsen; BERLINGSKE TIDENDE, 27 Nov 86) ..... 4
- Jorgensen Exudes Confidence in 1987 Elections  
(Carl Otto Brix; BERLINGSKE TIDENDE, 28 Nov 86) ..... 7
- Poll Shows Near Majority for Leftist Parties  
(Morten Larsen; BERLINGSKE TIDENDE, 2 Nov 86) ..... 11
- Rift in Christian People's Party Described  
(Per Lyngby; BERLINGSKE TIDENDE, 7 Nov 86) ..... 13
- Justice Minister on Government Plans, Next Election  
(Carl Otto Brix; BERLINGSKE TIDENDE, 20 Nov 86) ..... 16

## PORTUGAL

- Prospects for PCP, Cunhal, Party Alliances Analyzed  
(EXPRESSO, 1 Nov 86) ..... 19
- Changes at O DIABO ..... 19
- Relations With FRELIMO, by Jose Antonio Saraiva ..... 20
- Relations With PRD ..... 21

MDP/CDE Seen Maintaining Distance From PCP (Jose Manuel Tengarrinha Interview; DIARIO DE NOTICIAS, 7 Nov 86) .....	23
Sweeping APU Win in Local Elections Scrutinized (SEMANARIO, 8 Nov 86) .....	28
Draft Law To Prohibit Support of Antigovernment Groups in Africa (DIARIO DE NOTICIAS, 31 Oct 86) .....	30
Difficulties Hindering PS-PRD Alliance Detailed (Jose Antonio Saraiva; EXPRESSO, 8 Nov 86) .....	31
SPAIN	
Melillan Leaders Breach With Spain Over Muslim Administration (Carlos Yarnoz; EL PAIS, 10 Nov 86) .....	33
New Director Discusses Civil Guard Actions in Basque Region (Luis Roldan Interview; EL PAIS, 6 Nov 86) .....	35
SWEDEN	
Westerberg Leads Nonsocialists in Popularity Poll (Sven Svensson; DAGENS NYHETER, 26 Oct 86) .....	38
Commander: Sub Incursions Mean Failed SDP Security Policy (Hans von Hofsten; DAGENS NYHETER, 3 Nov 86) .....	42
Paper Reports Carlsson's PRAVDA Interview, Notes TASS Omissions (Harald Hamrin; DAGENS NYHETER, 28 Oct 86) .....	47
SOCIAL	
FRANCE	
Naturalization Reforms Provoke Protests (Beatrice Vallaeys; LIBERATION, 13 Nov 86) .....	49
TURKEY	
Iranian Missions Require Head Cover for Women Reporters (CUMHURIYET, 21 Sep 86; MILLIYET, 23 Sep 86) .....	52
Embassy Attendance Condition	52
Consulate Issuance of Scarves	52



Prosperity Party Meeting Raises Women's Head Cover Issue (CUMHURIYET, 22 Sep 86) .....	53
Islamic Dentistry Week Held; Some Dentists Offer Criticism (CUMHURIYET, 23 Sep 86) .....	54

## ECONOMIC

### EUROPEAN AFFAIRS

Overview of Turkish-Swedish Trade Relations (DUNYA, 30 Sep 86) .....	56
---	----

### BELGIUM

Unemployment Increasing Faster in Flanders Than in Wallonia (Guy Depas; LE SOIR, 7 Nov 86) .....	60
Government Announces Ten-Point Employment Program (LE SOIR, 12 Nov 86) .....	62

### DENMARK

Chairman Defends Economic Council's Recommendations (Christen Sorensen; BERLINGSKE TIDENDE, 14 Nov 86) .....	64
Economist on Balance of Payments, Investments (Lars Lund; BERLINGSKE TIDENDE, 7 Nov 86) .....	68

### FINLAND

Top Business Leaders to Moscow for Joint Venture Talks (HELSINGIN SANOMAT, 20, 22 Nov 86) .....	72
Return Visit Invitation Immediate, by Jaakko Hautamaki, Kustaa Hulkko .....	72
Forest Industry Collaboration Discussed, by Mikko Eronen .....	76

### PORTUGAL

Decline in Commercial Deficit Reported (DIARIO DE NOTICIAS, 4 Nov 86) .....	79
--	----

### SPAIN

Tight Monetary Policy To Be Pursued (EL PAIS, 15 Nov 86) .....	80
Firings Up, Layoffs Down in 1985 (YA, 3 Nov 86) .....	82

Banesto Reportedly To Reinvest Profits From 1986 (Fernando G. Urbaneja, Jose A. Sanchez; DIARIO 16, 6 Nov 86) .....	84
---	----

## MILITARY

### FEDERAL REPUBLIC OF GERMANY

III Corps Exercise Involves Regular, Reserve, French Units (Peter E. Uhde, Andreas Alt; HEER, Oct 86) .....	87
--	----

### FRANCE

Modernization of Submarine Force Assured in New Budget (LE MONDE, Nov 86) .....	93
--	----

### ITALY

ERRATUM: In JPRS-WER-86-113 of 20 November 1986 in article  
PROPOSAL TO ABOLISH MANDATORY MILITARY SERVICE OPPOSED, p 62,  
line 5, please change translation of "nonnismo" to read:  
granting of seniority privileges over more junior soldiers,  
sometimes criticized as harassment or even hazing of recruits.

## ENERGY

### NETHERLANDS

Government Revenues From Natural Gas Sales Drop (NRC HANDELSBLAD, 5 Nov 86) .....	96
Three Coal-Fired Power Plants To Be Built by 1996 (NRC HANDELSBLAD, 4 Nov 86) .....	97
Activities in Offshore Oil, Gas Surveyed (Pieter Graf; NRC HANDELSBLAD, 5 Nov 86) .....	98

## OCEAN/POLAR ISSUES

### NETHERLANDS

Commentator Criticizes Government on Seabed Mining (Jan Tinbergen; NRC HANDELSBLAD, 5 Nov 86) .....	100
--	-----

/9986

## FLEMISH SOCIALIST PARTY MAINTAINS POSITION ON ISSUES

Brussels KNACK in Dutch 29 Oct 86 pp 12-13

[Article by correspondent Jos Grobben: "And the Crooked is Straightened"]

[Text] The ostentatiously announced present remedial congress of the SP was a dull predictable affair for three quarters, without surprises and without incidents. Whoever followed the party closely in recent weeks expected no more than this for a long time: only complete outsiders feared or hoped still that chairman Karel Van Miert would be removed from below by the so-called dissatisfied rank and file or that participationist Willy Claes would be called back. Van Miert's strategic move to address the members of the congress first and immediately take a lot of wind out of the sails was a superfluous measure.

The real news of the meeting was not that the Defense Minister Francois-Xavier de Donnea is considering spending a good 300 billion francs for purchases in the next 10 years, but that the crooked, which symbolizes the famous missile curve, is again straightened and that--although it previously was marginal news--the SP has expressed itself more clearly against nuclear energy. For the two Limburg federations proposed reducing our nuclear park, but finally the text cast in resolutions at the congress appeared only to stipulate that the SP does not want to be involved anymore in the construction of new nuclear plants, and the replacement of old ones, that Belgium must withdraw from the catastrophic Kalkar project and that one should let Belgoprocess rest in peace.

This slight news value was consequently predictable and the weekly LINKS had devoted just the week before the congress a somewhat cynical main article on the subject whether the "SP-Quo Vadis" was now postponed. Because this meeting was built around warmed-over hash, which already was thoroughly ruminated by the various federations, one can question the sense of such meetings, which only show a consistent media nature, but seldom or ever contribute anything to internal party discussions. Even the brilliant speech of a Louis Tobback whose oratorical talent became all the more obvious in recent years, can hardly save such a meeting. For his verbal flights threaten to deteriorate through endless repetitions into, it is true, elegant, but necessary cabaret numbers for a yearning public.

## Uncertainties

The fact that two completely opposing factions should suddenly exist in the SP--which then would fight it out at this political congress--is usually fairly inaccurate. Since Van Miert came to power 9 years ago, two tendencies have developed in the party, which simplified could be described as hawks and doves. They did not exist there before Van Miert: The SP was then still a combination of aloof gentlemen dressed in three piece suits, who were at odds with each other even at the appetizer, to at least end with a dead body at the liqueur. Edifying illustrations of it are the repeated difficulties of the socialist negotiators in the seventies in keeping a handful of comrades with ministerial ambitions in line.

Since Van Miert that has changed--with the necessary rises and falls--without the great clashes, which were to be expected, taking place. However the conflicts between the hardliners and the pragmatists came to the fore as a result of the elections of October 1985. Claes had predicted weeks before that it could hardly be determined in the weeks after the plebiscite whether the SP had won or not. He appeared afterwards to be more than right. October 1985 became a Pyrrhic victory and was it not the radicalism of past years, which the SP had shunted aside in the formation of the government?

Discussion about that was conducted in all party branches and is in fact still going on. Playing 5 years offside, with still almost 2 and  $\frac{1}{2}$  years left, did not appear to be an insurmountable problem for the second generation of young Turks, who have been operating since the beginning of the eighties, but certainly for leaders and those pragmatists who in the past at one time themselves eagerly supported patronage and the political sale of the party to the highest bidder.

Van Miert's rubbish ("I stand 100 percent behind what I have said.") appeared at first a concession to those pragmatists who have been gradually electing for years apathetic leaders who must parade by soon in ministerial limousines.

In the weeks after the public interviews--in which the recalcitrant Mortsel branch demanded by means of an advertisement in DE MORGEN the text and interpretation from the chairman it had long besieged--Van Miert always denied the textual interpretations which were made of his words. That should not be considered as flatly taking back his words, but rather as introducing the discussion of a number of principles such as the economic alternative which the party has supported for years.

For Van Miert cannot and does not want to lead his party with a number of unshakable truths ("We have no bible, no Koran, even no Das Kapital") and does not want to see its socialism diluted into an unbroken series of boring and related dogmas. This starting point has benefited him--even electorally (winning three times in elections)--and because of this frankness, coupled with the knowledge which a chairman acquires from a number of negotiable

insecurities, he has been able to attract a new generation of politicians. They are the Frank Vandenbrouckes and other Pierre Chevaliers who now--together with their objective allies around LINKS--advocate a socially broad interpretation of socialism (subjects such as ecology, social security, prosperity and well-being, technological and industrial renewal....).

What Karel Van Miert has asked regarding the missiles--as those limousines then finally were allowed to drive up to the door--is the necessary space. It must be that either the SP has always conducted its anti-missile policy so awkwardly that everyone expected, that if the SP was in the government tomorrow, Florennes would be evacuated the day after tomorrow, or perhaps the immediate and practical implications of such a policy were not thought out enough. The team which now leads the SP--Van Miert, Tobback, Claes--has thoroughly studied that in recent weeks and in fact has come to the conclusion that no date can be fixed for the evacuation. Tobback said immediately after the congress: "The Americans will perhaps agree with the assertion that they either just do not have any plane available, or no men to drag those things away." Or in other words: we agree that they all must go--although it would be very difficult if 32 more come next year--but do not ask us about timing.

So those two points of view are adopted by both tendencies in the SP and also interpreted thus at the congress, at which it was again declared that one is sticking to the position of June 1985. That means that a government with the SP must immediately decide to remove the 16 missiles already installed. Whereby the venom naturally resides in this immediately. That appears now to mean what it says: immediate decision for removal (consequently in the government declaration and confirmed in the next cabinet council.) And then urge the Americans to move as fast as possible.

Consequently the SP's involvement has not changed, only an unmistakable emphasis is put on the time factor. The analysis of Louisa [as published] Tobback is that one can either sit on the side lines and hope on the goodwill of the Russians and Americans, or that we decide ourselves and this decision is binding on us: ("I will not approve any governing agreement that lets these missiles remain") should consequently not only hold for the fraction leader herself, but also for the rest of her party. Consequently the limousines must only wait.

Continuing to stick with the hard line--which according to the applause which Tobback obtained at the congress is appreciated by most members--moreover, it is the only possible way for the SP. In spite of the difficulties which should eventually appear in the next 33 months which separate the party from the elections, only such a face-lift which has been carried out grimly for 9 years, can keep it going.

8490

CS0: 3614/17



## JORGENSEN MAKES CHANGES IN PARTY'S PARLIAMENTARY GROUP

Copenhagen BERLINGSKE TIDENDE in Danish 27 Nov 86

[Article by Morten Larsen: "Party Chief Tightens His Grip"]

[Text] Anker Jorgensen is cutting out disunity and disorganization. Group Secretary Jytte Andersen and Folketing Chairman Svend Jakobsen are being removed from political leadership in the Folketing, and group members with ambitions of becoming known as opponents of the party line are being warned that such actions will cost political ear-boxing in the future. At the same time, Jorgensen has said that he will continue as party leader at least until 1988.

"It has become much more fun to be a Social Democrat."

This attitude is widespread among the 56 at the party's Folketing group in Christiansborg. After six months characterized by tendencies toward dissolution and disillusionment, Jorgensen has cut out, cleaned up, and put into place.

Aim: to strengthen the step, the self-confidence, and the cooperation of a party that to an increasing degree is experiencing the need for some more of these things so that the Social Democratic Party after the next election campaign will not stand as an apology for itself beside a triumphant Socialist People's Party.

The medicine prescribed by the 64 year old party chairman is first and foremost to get rid of the "daily leadership" of the Folketing group. It is a group of five Social Democrats who, beside the group's governing body, have led the political efforts of the Social Democratic Party and taken care of the daily administrative problems.

Andersen Sidetracked.

As an idea the daily leadership has decades behind it. But it is not age that counts. Jorgensen, Svend Auken, and Ritt Bjerregaard want, BERLINGSKE TIDENDE has learned, to cut a political problem child out of the intimate political decision-making process. Jytte Andersen, 44 years old and secretary of the Folketing group, is to be sidetracked.

There were both political and practical reasons for this. Among the practical ones were, according to BERLINGSKE's information, "desperate" conditions in the secretariat of the Folketing group, of which Jytte Andersen has been the daily leader. This has to a certain extent been remedied by the appointment of an office chief and by the transfer of responsibility for meeting arrangements and other administrative functions to Bjerregaard.

Politically, the group found it more and more of a burden that policy considerations of a high level leaked from the daily leadership. The suspicion grew that Andersen was the source, and this was the straw that broke the camel's back.

#### Jakobsen Out of the Inner Circle

With the dismantling of the daily leadership, the Folketing's chairman, former Finance Minister Svend Jakobsen, has also disappeared from the inner circle. From time to time he has been mentioned as a compromise candidate for the post as Jorgensen's successor as party chairman and candidate for prime minister. His scrapping might be taken as a signal that the move was not a good idea. In the meantime, sources in the group warn against drawing such far-reaching conclusions.

Back in the political leadership in Christiansborg are Party Chairman Jorgensen, Party Vice-Chairman and Political Spokesman Svend Auken, and Group Vice-Chairman Witt Bjerregaard.

In the future, Bjerregaard will lead the internal work in the group and see to it that meetings are held on time and that the relevant things are discussed and decisions carried out.

Auken and Jorgensen are to form the party externally, and when Jorgensen put the reorganization before the Folketing group he stated that in the future political signal changes will come from the group's political leadership -- Jorgensen, Auken, and Bjerregaard. If others are to send up political trial balloons, they must first be approved by the political leadership. Otherwise, those who send them up can count on a hullaballoo.

The tightening up was brought about, among other things, by the confusion about the Social Democratic position on the coming government formation, either alone or together with the Socialist People's Party. This confusion was created in the summer and fall by statements by the right wing of the Social Democratic Party, especially by a group led by former Housing Minister Erling Olsen -- the so-called Olsen group.

#### Embarrassing Attention

This then awakened embarrassing attention when Mogens Camre, who is financial policy spokesman, in an article in INFORMATION last summer, disagreed with a formalized and one-sided cooperation with the Socialist People's Party because it would lead to a devaluation of the currency, a rise in interest rates, a



flight of capital, and an investment halt. Jorgensen was and is of the opinion that the possibilities of cooperation with the Socialist People's Party should be tested if the election results provide the possibility.

The announcement is also addressed to others in the group who on various occasions have expressed themselves on Social Democratic policy beyond their daily fields of responsibility. They must stop this, according to the announcement, which is also intended to strengthen Svend Auken's position as the Social Democratic spokesman.

Jorgensen is the Boss

Finally, the reorganization is an attempt to put a lid on the discussion in and outside the Social Democratic Party about when Jorgensen will step down as the party chairman and prime minister candidate. He must have time to devote himself to political work up to the coming campaign and to be the guide and adviser for the members of the group.

Number One Man

This means that Jorgensen will stay at his post in any case until the party's next regular congress in 1988. He will be the party's number one man in the campaign and also when the next government is formed. If the Social Democratic Party replaces the four-party government, it will be with Jorgensen in the driver's seat.

9124

CSO: 3613/24

## JORGENSEN EXUDES CONFIDENCE IN 1987 ELECTIONS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Nov 86 p 4

[Article by Carl Otto Brix: "Anker Jorgensen Ready for a New Government"]

[Text] The Social Democratic Chairman simply cannot imagine a defeat in the coming elections.

The Social Democratic chairman, former Prime Minister Anker Jorgensen, believes that there will be Folketing elections next spring, and he is getting ready to take over the power of government. He is ready with the candidates for minister posts in a Social Democratic government, "but if a government is formed of the Social Democratic Party and the Socialist People's Party I will naturally have to change some of the names," he said.

## Tightening

One of the steps toward a Social Democratic election victory is a tightening of the Folketing group. There must be a stop to the airing of many different opinions that confuse the voters about what the policy is. "I simply will not consider hypothetical questions on what can happen if the Social Democrats do not return to power. We are not considering this possibility at all," the party leader said. He experienced something of a comeback on the television program, "This Week's Guest," Wednesday evening when he discussed Social Democratic-Socialist People's Party cooperation with his political partner and opponent, Socialist People's Party Chairman Gert Petersen.

What is the importance of the party leader himself in the election results?

"For parties that arise like comets and disappear just as quickly the party leader is everything. For parties that have a historical mission, the person is a little less important, but still very much so. Media activity is concentrated on people."

Are party platforms less important than persons?

"If the platforms are faulty, they cannot succeed. But people get out there where platforms are not read."

Have things been a little slow in the Social Democratic Party recently?

"Yes, there has been a tendency of so many expressing themselves that there were misinterpretations and misunderstandings. This, I feel, must be avoided. At the same time, every party that is democratically formed must have a debate, so there is therefore a limit, an edge."

Have the Social Democrats gone out over this edge?

"Sometimes, yes."

Living Party

Is it you who are too democratic in your form of leadership?

"I am of the opinion that a living debate is the expression of a living party, but one must watch out that the party does not become too lively."

Is there a conflict between your wish for a democratic form of leadership and the need for a steady course?

"We have not gone beyond the point where there is the demand for a party clearly, unambiguously, and definitely to be able to say where it stands, and we will not go beyond this point, either."

Has the party not been able to stand being in opposition?

"In governing periods the divergencies between party members will be less strong. They are bound by the heavy responsibility of government. It can be that it blows up a little too much in periods of opposition, and one must watch out for this."

Is this the reason you concentrated power in the group leadership and cut out the so-called "daily leadership"?

"To be quite honest: It was group members who said that the daily leadership was an excess of leadership. We heard this a few times, and then I said, 'All right,' and suggested a structural change. This doesn't mean... well, that's the way that was."

Are you satisfied with the Social Democratic group?

"They are a bunch of highly capable people, and in this respect I am satisfied with them, but it is completely necessary for them to discipline themselves more."

And this is therefore what you have taken steps to accomplish?

"Yes."

## Election Year

What is the next step in this direction?

"We know that next year is an election year, and now this is what counts. We will prepare the campaign as well as we possibly can. In reality, it has already begun. We can hear this every single day from the ministers who have begun to promise something that is similar to Social Democratic policy. We think it is pure hypocrisy when one considers that it is the same government that in the same election period has made all the cutbacks in social programs. Now they are trying to patch this up because we are approaching elections. As early as before Christmas we will lead off with the plan for how we think the election campaign will go. I think it is highly probable that the elections will come in spring, but even if they don't come until fall it won't make any difference, for we are already ready now."

What will happen if the Social Democrats have to go into a new period of opposition?

"This won't happen. I am convinced that the Social Democrats will gather strength and that we will above all inwardly feel the responsibility to attain the strength we are entitled to. This will also come through on election day, and thus we believe that there will be a Social Democratic government again."

How many seats do you think the Social Democrats will get?

"I believe that in any case we will get a very fine improvement."

Will the Social Democrats enter into a defense agreement with the governing parties no matter how the elections go?

"Not if the voices that were heard at the conservative national council become policy. But we will gladly enter into an agreement within the present economic framework. Denmark must take measures in NATO and the UN to bring about disarmament, but we do not think that the Danish defense system should be brought into question as the situation is now."

Can security policy unity also be reached with the governing parties?

"There are forces in the governing parties that would not for anything in the world want to enter into a security policy agreement with us. The Liberal Party wants very much to have the Social Democrats to rage at."

## Defense

Is it the attitude toward defense that is the sharpest difference between the Social Democrats and the Socialist People's Party?

"If it separates us, I am sorry, but we will not budge. This applies also to economic policy. We will not be frivolous. Poul Schluter has to be sure not

said anything else the past four years, but what in the heck is he imagining to himself, anyway? Here he has had a completely incapable Anders Andersen say, 'Next month, oh, next month...!' And then they don't take one real step. Everything just sails on, while the deficit just grows and grows."

Is there no more talk of a closer cooperation with the Socialist People's Party if the election does not give governing possibilities?

"The Social Democrats want to cooperate with all parties that have reasonable views. This applies to the Socialist People's Party, and it applies to other parties."

9124

CSO: 3613/24

## POLL SHOWS NEAR MAJORITY FOR LEFTIST PARTIES

Copenhagen BERLINGSKE TIDENDE in Danish 2 Nov 86 p 4

[Article by Morten Larsen]

[Text] The Social Democratic Party and the Socialist People's Party have nearly the majority in the Folketing alone. The Gallup poll shows that the two parties need only the support of a single Greenlander or Faroese to be able to form a government together.

Three weeks after the opening of the Folketing, in a Gallup poll in BERLINGSKE TIDENDE's Sunday edition, the voters send the nonsocialist four-party coalition the bowstring.

For the first time since the last election, the voters now support the formation of the Social Democratic/Socialist People's Party coalition, which was one of the hottest issues of the summer's political debate.

It is largely the continued gains of the Socialist People's Party which make this possible. The gains of the party continue, and the support of the party is now nearly 7 percent above its support in the Folketing election on 10 January 1984.

## Socialist People's Party Gaining 12 Seats

If a Folketing election were to take place now, the Socialist People's Party would score 33 seats--12 seats more than in the last election. The support of the Social Democratic Party is still below its support in the election, but since many votes are given to parties which do not get sufficient votes to acquire seats in the Folketing, the Social Democratic Party will continue to have its 56 seats. The two parties will thus together get 89 seats. That is only one vote less than the absolute majority in the Folketing, and the two parties need only the support of a single member to be voted into the Folketing from Greenland and the Faroe Islands to ensure it.

## Conservative Party Unchanged

Together, the nonsocialist parties are only able to muster 86 seats--75 of which for the coalition parties. The Conservative Party maintains its position

without any changes, the Liberal Party gains a single seat, the Center Democrats lose three seats, and the Christian People's Party will continue to score five seats.

Gallup's Survey of the Different Political Parties' Share in the Votes from the latter half of October:

POLITICAL INDEX

Question: Which party would you vote for if an election to the Folketing were to take place tomorrow?

Period during which poll was taken:	10 Jan 1984	May 1986	June 1986	Aug 1986	Sep 1986	Oct 1986
11 Oct - 30 Oct 1986	Percent	Percent	Percent	Percent	Percent	Percent
Social Democratic Party .....	31.6	31.0	31.1	30.7	29.5	30.4
Radical Liberal Party .....	5.5	3.8	5.1	4.1	5.0	3.7
Conservative Party .....	23.4	24.6	23.4	25.8	24.7	23.1
Single-Tax Party .....	1.5	-	-	-	-	-
Socialist People's Party .....	11.5	15.4	14.7	14.5	16.3	18.1
Greens Party .....	.	-	-	-	-	-
Humanistic Party .....	.	-	-	-	-	-
International Socialist Workers Party .....	0.1	-	-	-	-	-
Communist Party .....	0.7	-	-	-	-	-
Marxist-Leninist Party .....	0.0	-	-	-	-	-
Center Democrats .....	4.6	3.1	4.0	3.6	3.1	2.6
Christian People's Party .....	2.7	2.6	2.9	2.2	2.4	2.9
Liberal Party .....	12.1	11.6	12.4	11.7	12.5	12.3
Left Socialist Party .....	2.7	2.1	-	-	-	-
Progressive Party .....	3.6	3.0	2.7	2.8	3.6	2.3
Other parties *) .....	.	2.8	3.7	4.6	2.9	4.6
Total .....	100.0	100.0	100.0	100.0	100.0	100.0

\*) Parties with less than 2 percent of the vote.

Reprinting subject to indication of Gallup and BERLINGSKE TIDENDE as sources.

7262

CS0: 3613/22



## RIFT IN CHRISTIAN PEOPLE'S PARTY DESCRIBED

Copenhagen BERLINGSKE TIDENDE in Danish 7 Nov 86 p 9

[Article by Per Lyngby]

[Text] Fundamental political disagreements and personal clashes underlie the most recent environmental dispute within the Christian People's Party. Relations between Arne Bjerregaard, on the one side, and Chr. Christensen and Jens Steffensen, on the other, are cold.

Arne Bjerregaard (Christian People's Party) is paying Chr. Christensen back for criticism in criticizing the environmental plan of his fellow party member, Minister of Environment Chr. Christensen. It is a question of taking revenge on Chr. Christensen and the party's group chairman, Jens Steffensen.

This information was obtained by BERLINGSKE TIDENDE from sources within the Christian People's Party. Underlying the most recent controversy within the small coalition party is a drama involving people who do not get along, as well as a fundamental disagreement as to which side of the Folketing they ought to support.

It is no secret at Christiansborg [the Folketing] that Arne Bjerregaard and Chr. Christensen have had quite a few controversies. Put in popular terms, it has got something to do with the conflicting chemistries of the two people. But it is also due to political disagreements.

In a speech at the party's national congress last year, Arne Bjerregaard thus stated that he no longer supported the parliamentary platform of the nonsocialist coalition. He was dissatisfied with the policy pursued by the government toward the weak groups of the society.

Since then, things have taken their course, and in votings on the government's economic measures, Arne Bjerregaard has voted against his group.

In the opposite wing is Chr. Christensen, who is an ardent supporter of the nonsocialist cooperation.

## Steffensen Against Bjerregaard

Like Arne Bjerregaard, Jens Steffensen has demanded social compensations in connection with the government's measures of intervention. If for no other reasons, because the national congress of the party demanded that the Folketing group work for it.

However, in conjunction with the 'potato diet,' things went wrong. Jens Steffensen came in like a lion, demanding social compensations, and went out like a lamb. Arne Bjerregaard was partly blamed for the rough treatment.

Bjerregaard is a member of the Social Welfare Committee of the Folketing and, in the opinion of Jens Bjerregaard, ought to have informed the Folketing group how to carry through social compensations under the current legislation. He failed to do so, as a result of which Jens Steffensen was exposed to ridicule. For Steffensen tried to take the credit for the social compensations but was emphatically put in his place by the Radical Liberals.

As a result of this, the tone between Steffensen and Bjerregaard sharpened. And, then, Arne Bjerregaard struck again. This time in conjunction with the government's action plan for the waters around Denmark. He simply rejected to support the plan and contemplated the idea of supporting the Social Democratic environmental move.

Jens Steffensen flew into a rage, saying that Arne Bjerregaard's role within the Folketing group would have to be looked into. Bjerregaard then got cold feet, moderating his language. But he had had occasion to pay back the insult. Once again, Bjerregaard, the rebel, had pulled the legs of Jens Steffensen and Chr. Christensen.

## Kofoed-Svendsen No Longer Mediating

A new aspect of the present situation is the fact that the national chairman of the party, Flemming Kofod-Svendsen, has not acted as an intermediary between the parties, which he has been doing on numerous occasions in the course of time. It is felt that the national chairman is getting tired of the squabbles.

Sources within the party state that the problem is that the Christian People's Party lacks a strong leader. It is true that Flemming Kofod-Svendsen is the party's formal leader. But, in the opinion of the population, it is Chr. Christensen who is the leader. And in the daily work at Christiansborg, Jens Steffensen is the man on whom the attention is focused.

Arne Bjerregaard's rebellion was followed by Party Secretary Carsten Larsen's departure. Carsten Larsen, who was appointed 9 months ago, suddenly stated that the internal squabbles within the Folketing group had caused him to withdraw from his job.

However, BERLINGSKE TIDENDE has learned that this is not the real reason. The reason is that Carsten Larsen has been offered another job. He is still

a parliamentary candidate of the party and took the opportunity to demonstrate his position when he was about to leave his job. He will resign on 1 December.

Incidentally, members of the party are not sorry about Arne Bjerregaard's refusal to accept without criticism the policy pursued by the nonsocialist coalition government. For this gives the party mention in the press.

7262

CSO: 3613/22

## JUSTICE MINISTER ON GOVERNMENT PLANS, NEXT ELECTION

Copenhagen BERLINGSKE TIDENDE in Danish 20 Nov 86 p 5

[Article by Carl Otto Brix]

[Text] "Does anybody believe that a different government will be able to do a better job?"

The veteran of the Four-Leaf-Clover government, Justice Minister Erik Ninn-Hansen, asks this question of those whose evaluation of the polls is that the Folketing election will result in a change of government.

Incidentally, he is certain that the election will only take place in about 12 months. Only the collective bargaining in the spring will constitute a major economic event that may possibly abbreviate the election period.

[Question] Is the government wearing out?

[Answer] Not at all. It is as full of vigor as ever.

[Question] But the reconstruction in the spring did not result in the intended vigor?

[Answer] Indeed, for example, in the area of culture, I find that a lot is happening, but some adjustment to the work will have to take place.

[Question] Will there be time enough for that?

[Answer] Of course, the election will only take place in about 12 months. And in the course of that time, it will, no doubt, turn out that so much has been started for new as well as older ministers that the government cannot make do with this election period only.

[Question] Will it not be wiser for the government to issue writs for an election after the collective bargaining?

[Answer] No! We are, of course, a minority government, so nobody will know whether the election will come before the end of the election period. It is,

of course, true that collective bargaining may push things to the extremes. But as far as the planning of the government's work is concerned, I find that we may steadily but also eagerly arrange our work with a view to the year that is left.

[Question] Don't you yourself feel that the success of the government has petered out?

[Answer] We have achieved results in a number of areas. It is true that the forecasts, among others, of the Independent Council of Economic Advisers do not contain entirely bright elements, but our question then is: Are others better able to cope with the future? As always, this will become the main issue in the election.

[Question] The voters might, of course, judge the government without taking into consideration the alternative?

[Answer] Obviously, some expectations have been disappointed. It would have been strange otherwise. A large section of the nonsocialist voters had not expected the measures of intervention carried through by the government. At the same time, however, some voters demanded action with a view to the approaching economic disaster. What we have done has not all of it been a natural nonsocialist policy. However, the 'potato diet' has probably been more nonsocialist than anything else. It says that it will pay to save.

[Question] Will the government also intervene in the collective bargaining if the result may become detrimental to the economic objectives of the government?

[Answer] The government will not intervene in the collective bargaining. We have reached the point where the parties themselves will have to manage things on their own. There will now have to be a clarification whether the organizations of the labor market will have to be maintained with the strength they have toward the members, in the long run.

[Question] You thus mean that the government will have to accept the risk of a conflict?

[Answer] I am not saying that the government will have to intervene even if a conflict is impending.

[Question] What then if it has erupted?

[Answer] Nobody can answer that question. There have, of course, been situations where the parties arrange things--knowingly or unknowingly--in such a way as to cause the society, if not to go under, at least to reach such a state that it simply would not be possible to allow a conflict to continue.

[Question] How soon after the collective agreement will new measures of economic intervention then be taken?

[Answer] I do not at all find that new economic intervention should be planned. The October intervention has already had its effects and will have still more effects. Both in relation to the consumption and in relation to the mentality of the population. Also the ideas which have appeared in BERLINGSKE TIDENDE regarding a devaluation in the spring are wrong. The government's objective has been the fixed krone rate of exchange, and that policy will have to be consistent. Nor has there been anything in the policy or the statements of the government which may be interpreted in that direction.

[Question] The government thus expects the election campaign to last for about 12 months?

[Answer] We are prepared for an opening debate on each individual major issue--just look at the environmental debate--but, after all, is that not quite healthy? I do not deplore the fact that we shall have a long period in which the problems will be shown so that one can see the difference in people and parties, and where and to whom they belong.

[Question] Will you participate in the government if the Four-Leaf-Clover government continues?

[Answer] I have not thought of that. The decision is up to the prime minister. But statistically it is, indeed, quite amusing that I probably have been a minister for a longer period of time than any other minister in this century--for 8 years. But if the prime minister finds that the government will need a rejuvenation, the government will not include me.

[Question] I assume you have been able to warn the government when it was about to commit the mistakes committed by the Liberal, Conservative, Radical-Liberal coalition in 1968-71?

[Answer] Indeed, several of us have been able to do that. If the government has been on the point of making the mistakes we made at the time, we have been able to warn it. The decisive difference has been that this government has been able to pursue an incomes policy, which the Liberal, Conservative, Radical-Liberal coalition was unable to do. Besides, it has not been as anxious to carry through reforms as the Liberal, Conservative, Radical-Liberal coalition. I believe that, this time, we have, to a greater extent, been able to act and do act in conformity with the wishes of the nonsocialist voters.

7262

CSO: 3613/22



## PROSPECTS FOR PCP, CUNHAL, PARTY ALLIANCES ANALYZED

## Changes at O DIARIO

Lisbon EXPRESSO in Portuguese 1 Nov 86 p 1

[Text] As of this week, Angelo Veloso is the official in charge of political-ideological orientation for O DIARIO, the daily newspaper which normally reflects the views of the Portuguese Communist Party. He replaces the secretary general of the PCP, Alvaro Cunhal, in this role.

Angelo Veloso, who became nationally known during the presidential election in January, was "moved" from Oporto to Lisbon this summer in a transfer regarded as advancement for one who might be Alvaro Cunhal's "dauphin." The appointment of Angelo Veloso to this responsible new post, in which he will serve as a member of the Political Commission of the Central Committee of the PCP, culminates a process of renewal at O DIARIO which has been under way for the last 6 months.

However, this process has not satisfied the desire of a part of the editorial staff of the newspaper for a more open ideological approach and less sectarianism. Instead, at a meeting held at O DIARIO last Wednesday, Angelo Veloso read reporters a document drafted by the Political Commission of the PCP setting forth the party decisions concerning the future of the newspaper. Thus, Miguel Urbano Rodrigues, the first editor of O DIARIO, who had to step down from that post because he had more court convictions than the Press Law allows, but whose presence at the newspaper and influence on his replacement, Armando Pereira da Silva, were challenged by the defenders of a more open ideological approach, found his position strengthened by his appointment to what an informant described as an "internal department."

The appointee to the post of assistant editor at O DIARIO was Antonio Borga, regarded as a "hard-line" defender of the party positions (Antonio Borga will therefore not return to the RTP, which enterprise he rejoined after the trial of those charged in the 25 November purge). Luis de Barros, editor of DIARIO DE NOTICIAS in 1975 during the so-called "Goncalvo era," was appointed editor in chief, and Vilaverde Cabral and Rogerio Carapinha were named as his assistants. Armando Pereira da Silva, whose name will remain on the masthead as editor, was put in charge of the weekend edition, which will be given a new format "to compete with the weeklies," an informant said.



During the internal discussion of the new format for O DIARIO, many reporters expressed their dislike of the excessive conformity to the PCP line, urging "a more informative, cheerier, more imaginative and less sectarian newspaper," and challenging what they regarded as "authoritarianism, lack of dialogue and violations of internal democracy" by their superiors. Our informant said that the strengthened orthodoxy of O DIARIO might speed up the departure of the unhappy staff members, one of whom, Pedro Garcia Rosado, had already resigned from the editorial staff this week.

#### Relations with FRELIMO

Lisbon EXPRESSO in Portuguese 1 Nov 86 p 8

[Article by Jose Antonio Saraiva]

[Text] It has been said and written that the emergence of the Democratic Renewal Party and the 18 percent of the votes it won in the legislative elections represented a victory for the Communist Party.

The defenders of this thesis offer the following interpretation. To the extent that the PS, although it is a leftist party, is also a democratic party and structurally anticommunist, any effort to weaken it will always work to the benefit of the forces which oppose the institutionalization of democracy in Portugal, and in particular, to the benefit of the Portuguese Communist Party.

From this point of view, the PS is the party in the best position to limit the growth of the PCP, and therefore its destruction could only benefit the communists.

The reasoning is theoretically ingenious, but it proves weak in a comparison with reality.

For two reasons.

First of all, because the PRD did not develop solely at the expense of the Socialist Party, but at the expense of the Communist Party as well.

In other words, the PRD proved to be a party which could penetrate the electorate of the PCP, unlike what happened with the PS, which, when it gained strength, invariably did so at the expense of the right wing.

That being the case, it can be said that the emergence of the renewal faction, instead of reducing the "democratic camp," broadened it.

Secondly, it must be remembered that the PRD has always, categorically and definitively, rejected any agreement with the party headed by Alvaro Cunhal.

Now, this increased the isolation of the PCP.

In fact, as of the point at which there began to be one more party rejecting agreement with the Communist Party, it found its solidarity strengthened.

Until the renewal faction appeared on the scene, the PCP could say that the refusal of the PS to reach an understanding with the communists was the result of the fact that Soares was an ally of the right wing.

After the PRD appeared, however, the Portuguese Communist Party lost that argument, because it naturally could not accuse General Eanes of being a "right-winger."

The birth of the Democratic Renewal Party and the votes it won in October of 1985 must, then, be viewed not as a victory for the communists, but a problem which the PCP will have to resolve.

The party of Eanes appears today to be a new block to the electoral growth of the Portuguese Communist Party and a factor making it increasingly an "isolated party."

In addition to this, there is a problem which it is difficult to see a means of overcoming.

How is it that the PCP, the only party to support the establishment of the PRD, can continue to explain its support of a political group which is visibly infinitely more open to dialogue with the PSD government than to dialogue with the communists?

The question is not easily answered.

And it is, without a doubt, one of the tangles in the complicated web which the Communist Party has seen enveloping it, and which can partially explain the electoral decline revealed by the polls.

#### Relations with PRD

Lisbon EXPRESSO in Portuguese 1 Nov 86 p 3

[Excerpt] The world makes many turns.

Just a short time ago, the Communist Party and its press organs criticized Mario Soares for prejudicing Portugal's relations with the Portuguese-speaking African countries. Soares was accused of looking solely toward Europe and America, and paying no attention to cooperation with the former colonies in Africa.

Today, something has changed.

By a curious coincidence, Soares was the only chief of state of a non-African country present in Maputo for the funeral of Samora Machel. And Alvaro Cunhal, secretary general of the Communist Party, did not travel to the capital of Mozambique to pay final tribute to the FRELIMO leader.

Cunhal would say, and has already said, that the press has been abusive in its interpretation of his absence.

We would say that it is impossible not to assign some significance to it.

Only those who are unfamiliar with the general functioning of the regimes in the East are unaware that they devote special attention to funeral ceremonies, as to all the rituals involving the state apparatus.

Nothing, on these occasions, is left to chance.

The party delegations sent to attend the funerals of leaders of "friendly countries" are selected with particular care and in strict accordance with the government hierarchy.

Cunhal's failure to attend the ceremony in Maputo can only mean that relations between the PCP and the FRELIMO are not, at this time, at least from the point of view of the Portuguese communists, as productive as they could be.

For those who do not remember, we might recall that Alvaro Cunhal was indeed present at the funeral of Agostinho Neto.

5157

CS0:3542/17

## MDP/CDE SEEN MAINTAINING DISTANCE FROM PCP

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Nov 86 pp 6-7

[Interview with MDP leader Jose Manuel Tengarrinha by Helena Sanches Hosorio; date and place not given]

[Excerpts] The MDP/CDE is open to alliances with all parties which identify minimally with some of the issues which "are fundamental" for that party. The Socialist Party (PS) and the Democratic Renewal Party (PRD) are such parties, MDP leader Jose Manuel Tengarrinha told this reporter.

Following an internal debate which has now lasted almost 6 months and which has challenged "everything," but in particular the policy of alliances, the MDP/CDE has reached the conclusion that a preferential alliance is not advisable, and further that it would be wrong "to engage in an overall alliance with the PCP." Such an alliance, in Tengarrinha's view, would "deprive the MDP of its own identity."

An advocate of multiparty democracy, Jose Manuel Tengarrinha did not hesitate to condemn the single-party system, as well as a hegemonic position for any party which claims to represent a specific social class, in this case the proletariat, as represented by the PCP. Only the electorate can decide who should lead a process, the president of the MDP/CDE explained.

In Tengarrinha's view, all of the parties represented in the Assembly of the Republic are democratic, from the CDS to the PCP.

Focusing attention on itself, this small party seems to want to leave the orbit of its older brother, the PCP, to which it is bound by old friendships and recriminations which are more recent, but perhaps intolerable. Here is the outline of the new path which the MDP/CDE wants to pursue.

[Question] Has the MDP/CDE definitively dropped out of political circulation as an autonomous party?

[Answer] No. The party continues to be very active in the self-governing bodies on the undertakings of a social nature in which we are involved, but in fact, the party has turned inward a bit in recent months, in an internal discussion which will be concluded at the national gathering to be held soon.

[Question] What are the terms of this internal discussion?

[Answer] It is a debate on the strategy of the MDP for the future. We thought it was essential to challenge everything, to discuss everything.

[Question] Absolutely everything?

[Answer] Absolutely everything, following a procedure I regard as exemplary from the point of view of internal democracy.

[Question] Some points of agreement were found, and it is this which will be discussed now. Is that it?

[Answer] Yes. Then, based on this synthesis, a new discussion began. In this second phase, 30 documents were drafted, and only in this last stage did the Political Commission draft its document.

[Question] Did the turbulence which developed within the MDP last year make a complete renewal effort essential?

[Answer] We believed that it was necessary to renew many things. In the realm of strategy, the issue of alliances, for example.

#### Survival As a Party

[Question] In regard to alliances, what was the opinion on the base level?

[Answer] Generally speaking, we believe that there should be no preferential alliance. This has not yet been decided, it is true, but this was the result of the consensus of opinions expressed. An alliance is always an act of a situational, tactical, rather than strategic, nature. No party can live or die thanks to an alliance, whatever it may be. It must survive on its own.

[Question] Isn't that exactly what has happened? Hasn't the MDP survived by dint of an alliance with the PCP?

[Answer] We do not see it that way. We can only justify our existence as of the time we succeed in proving that we can act alone, compete alone.

[Question] Is this a test you are willing to undergo?

[Answer] Another idea which emerged was that it is wrong to engage in an overall alliance with the PCP. There could possibly be an alliance for the self-governing bodies, or even for some regions, rather than the whole country, for example, which would not require an alliance for the legislative elections. One of the mistaken aspects has been precisely this overall nature the alliance has had.

[Question] In what way has this harmed the MDP/CDE?

[Answer] It has detracted from the identity of the MDP. We have a program, a political project, which has a singular aspect in Portuguese political life,



and yet it is difficult for people to understand this identity due to the long life of this alliance and the way in which the public at large sees the role of the MDP being limited in this alliance.

#### APU Was Positive

[Question] In fact, the MDP is seen increasingly as a minor PCP satellite.

[Answer] This alliance was very positive for the Portuguese democratic process. We do not regret having entered into it. Even our political adversaries, for example, recognize the value of and the work done by the APU self-governing bodies.

[Question] Might the MDP have served to attract those who would never have voted for the Communist Party?

[Answer] Yes. There may sometimes have been a certain tendency toward excessive politicization of the work of the self-governing bodies, with which we disagree entirely. We believe that the role of these bodies is basically to serve the needs of the people, independent of individuals' desires.

[Question] Does the MDP propose to eliminate the APU, then?

[Answer] There is no desire to put an end to the alliance on the part of our party. There is a desire to rethink it and to rethink the whole strategy of the MDP within this context and the current framework of Portuguese life.

[Question] But without the alliance with the PCP, the MDP runs the risk of electing no deputies to the AR.

[Answer] This theory is completely wrong. One cannot measure the number of APU deputies solely as a function of the number the MDP contributes. It is, rather, a matter of the number of overall votes the APU wins thereby.

[Question] Then this is your special negotiating capacity?

[Answer] Well, we believe that, one way or another, the MDP will place three deputies, but in the final analysis, we cannot be absolutely certain. In any case, one thing is certain, and that is that the PCP has greatly increased its overall voting percentage because it participated in a coalition with the MDP.

[Question] There is something like a rebellion, a revolution, occurring within the MDP.

[Answer] I would not say revolution, which is a rather bombastic term, but rather contemplation, discussion and very profound meditation about the present and future role of the MDP.

[Question] Is Marxism your doctrine?

[Answer] No. We neither adopt nor reject Marxism. We are neither Marxists nor anti-Marxists. Obviously, any large political group playing a role in the

modern world must have studied and assimilated much of the Marxist doctrine. It has made a great contribution to our way of viewing society.

[Question] Is a classless society a goal of the MDP?

[Answer] We are working toward a society in which there are no great exploiters or oppressed classes, although we conceive of a society in which there is private ownership. Classes there will be, but there will be no discrimination or oppression of the majority of society by small social groups.

With the private ownership of certain means of production, as we conceive it, there will naturally be classes. What is important is that these dominant classes should not oppress society as a whole.

[Question] Since I am trying to see what the differences between the positions of the MDP and the PCP are, I would like you to tell me about the opinion of your party on the existence of single parties in countries like the Soviet Union.

[Answer] We believe that there should not be just one party, since our concept calls for a multiparty society.

[Question] Are there circumstances under which the MDP/CDE would engage in a coalition with the PS?

[Answer] We are open to coalitions. Now, there is no doubt that there is a hegemonic effort on the part of the PS with regard to all of the space to the left of the PSD, which does not seem to us to favor an approximation with all the other forces. But for our part, we are open to any alliance, provided it is with a party which identifies minimally with some of the issues we regard as basic. Without a doubt, both with regard to the PS and with regard to the PRD, we believe that such conditions exist.

UDP Is Also Democratic

[Question] Does Gen Ramalho Eanes clearly reject any alliance with the PCP?

[Answer] I have the impression that Gen Ramalho Eanes is not so radical in this position with regard to the Communist Party. He views it as an important force, and he does not reject dialogue with the PCP. Moreover, alliances can be entered into in different ways. The participation of individuals in this or that party in the government is not the only way.

[Question] Could the MDP serve as a bridge?

[Answer] We are open to all of this. The alliance with the PCP does not limit our alliance policy.

[Question] All of these statements could be interpreted as a calculated demarcation by the PCP in order to allow the PRD to make use of the party to establish tacit agreements with the communists.



[Answer] It seems to me somewhat abusive to draw that conclusion. It would seem more important to me to conclude that the democratic field and the left wing are enriched by the credibility of the MDP, in this and in any other solution.

[Question] In conclusion, I would like to hear your analysis of the current state of affairs in Portugal.

[Answer] We are passing through a stage which is deceptive for a part of the people to the extent that this government has in fact achieved improvements in some respects. What people do not know is that they could have benefited to a much greater extent if the government had been able to take advantage of absolutely exceptional external conditions. On the one hand, the government boasts of a triumph in a battle in which, in our view, it was defeated. This is because it did not derive the benefits which could have been derived from this favorable situation. On the other hand, we are already faced with a more serious social situation, in many respects. For example, at this time we have a higher rate of unemployment than ever before, and we have a million people employed only part time. A million people means, if we include family groups of three or four, that about 4 million Portuguese citizens are living in an unstable situation.

5157

CS0:3542/17

## SWEEPING APU WIN IN LOCAL ELECTIONS SCRUTINIZED

Lisbon SEMANARIO in Portuguese 8 Nov 86 p 8

[Article by L.M.]

[Text] The absolute majority won in Almada, Caparica, Charneca, Cova da Piedade and Larenjeiro (five out of eight) by the APU in the parish council elections in the municipality of Almada last weekend represents in every respect a "proof of fidelity" to that political force.

The winning of 62 out of a total 118 elected positions leaves no one in any doubt, at first glance.

More surprising is the fact that the PSD (which in the parish assemblies elections in 1985, only ran, in coalition with the PS, in two of the three then existing) came in second. In fact, the PSD won 28 elected positions and the PS 24, while the PRD (which only nominated candidates for two this time) and the UDP won two each.

The numbers are important for what they mean and what they reveal. Thus it seems a simple conclusion that the UDP came out well in this test, securing two posts as against none in 1985.

Similarly, the decline for the PRD is visible. It dropped from five to two elected positions and from a total of 6,989 votes to 620, in the same area. Its absence at other polling places is certainly important. But this may reflect the slackening of direct action or of will or a failure in the party apparatus.

However, the figures, the percentages and their final reflection (this above all) are not as linear as they seem.

Making an extrapolation (which is not intended to be speculative), the PS and the PSD are added together (as they appeared in the past). The parishes "born" of their respective "progenitors" were added together, in a simple arithmetical maneuver (in reality, it will not be as clear or as workable as this). And a different picture is obtained (see chart).

What do we see? That the strength of the APU, in percentage terms, declined in the parishes in the area which was (formerly) the parish called Caparica, although it won more elective posts.

The fact is the former Central Bloc (PS + PSD) showed a gain overall, and a clear one, despite the fact that it also won fewer votes.

Sociologists will certainly find reasons for the mesh created, ironically, by the interweaving of the figures.

	Regis- tered	Voted	Abst- ained	* APU **	* PSD **	* PS **	* PRD **	* UDP **	
1985	34 961	22 070	36, 9%	10 055 - 9	—	8 464 - 8	2 620 - 2	249 - 0	Almada
1986	22 973	8 664	62, 9%	4 266 - 10	2 379 - 5	1 751 - 4	—	117 -	Almada
1986	8 847	4 080	53, 8%	1 465 - 5	1 033 - 3	1 244 - 4	265 - 1	26 -	Cacilhas
1986	3 831	1 758	55,15%	814 - 4	381 - 2	166 - 1	—	366 - 2	Pragal
1986	35 651	14 502		6 545 - 19	3 793 - 10	3 161 - 9	265 - 1	366 - 2	Total
1985	21 520	12 954	39, 8%	7 419 - 12	4 798 - 7	—	—	334 - 0	Caparica
1986	11 071	3 859	65, 1%	2 432 - 9	536 - 2	717 - 2	—	102 - 0	Caparica
1986	5 522	2 631	52, 4%	1 224 - 6	938 - 5	382 - 2	—	30 - 0	Sobreda
1986	6 371	3 264	48, 8%	1 525 - 7	837 - 3	803 - 3	—	31 - 0	Charneca
1986	22 964	9 754		5 181 - 22	2 311 - 10	1 902 - 7	—	163 - 0	Total
1985	50 850	31 225	38, 6%	15 622 - 12	—	9 911 - 8	4 369 - 3	395 - 0	Cova Piedade
1986	24 553	9 080	63, 6%	4 818 - 11	1 940 - 4	2 046 - 4	—	133 - 0	Cova Piedade
1986	26 388	10 884	59, 7%	5 348 - 10	1 900 - 4	2 288 - 4	355 - 1	217 - 0	Laranjeiro
1986	50 941	19 964		10 166 - 21	3 840 - 8	4 334 - 8	355 - 1	350 - 0	Total
1985	107 331	66 249	—	33 096 - 33	4 798 - 7	18 375 - 16	6 989 - 5	978 - 0	Totals
1986	109 556	44 220	—	21 892 - 62	9 944 - 28	9 397 - 24	620 - 2	1 022 - 2	
					PSD + PS				
1985				10 055 - 9 - 45,55%	8 464 - 8 - 38,35% (PS)		2 620 - 2	249 - 0	Almada
1986				6 545 - 19 - 45,13%	6 954 - 19 - 47,95%		265 - 1	509 - 2	
1985				7 419 - 12 - 57,27%	4 798 - 7 - 37,03% (PSD)		—	334 - 0	Caparica
1986				5 181 - 22 - 53,11%	4 213 - 17 - 43,19%		—	163 - 0	
1985				15 622 - 12 - 50,03%	9 911 - 8 - 31,74% (PS)		4 369 - 3	395 - 0	Cova Piedade
1986				10 166 - 21 - 50,92%	8 114 - 16 - 40,94%		351 - 1	350 - 0	

\* Votes      \*\* Posts

POLITICAL

PORTUGAL

DRAFT LAW TO PROHIBIT SUPPORT OF ANTIGOVERNMENT GROUPS IN AFRICA

Lisbon DIARIO DE NOTICIAS in Portuguese 31 Oct 86 p 3

[Excerpt] A draft law designed to prohibit the activity in Portugal of movements or organizations which oppose the authorities in the African Portuguese-speaking countries has been submitted to the Assembly of the Republic.

The public relations office of the parliament confirmed yesterday that the document had been submitted, but it added that the date on which debate on it will begin is unknown.

A report in the Angolan periodical CASSENDO PORTUGAL E AFRICA and a statement by the Portuguese-Angolan and Portuguese-Mozambican Friendship Associations refer, however, to a discussion scheduled on that subject, which will, naturally, deal with the draft law.

This discussion, to be held tonight in Lisbon, will be on the theme "Relations Between Portugal and the Portugal [sic] and the Portuguese-Speaking African Countries and Draft Law 266/IV."

According to its organizers, all of the parliamentary groups in the Assembly of the Republic, as well as other individuals, have been invited to participate in this discussion. The draft law submitted to the parliament "is essentially in agreement with the suggestions" made by the periodical and the two associations, they said.

5157

CSO:3542/18

## DIFFICULTIES HINDERING PS-PRD ALLIANCE DETAILED

Lisbon EXPRESSO in Portuguese 8 Nov 86 p 3

[Article by Jose Antonio Saraiva]

[Text] A question many people are asking today is: What differences exist between the Socialist Party and the Democratic Renewal Party?

What is it that prevents the socialists and the renewal faction (both of which claim to occupy the "democratic socialist" sector) from joining together to oppose the government of Cavaco Silva?

There are various hindrances.

The first obstacle to an alliance between the PS and PRD is the fact that the Socialist Party does not want it.

For two reasons.

On the one hand, this is because the PS believes that, for historic reasons, it is the sole repository of democratic socialism. Now, an alliance with the PRD would mean acceptance by the socialists of the idea that the renewal faction also occupies this area.

Secondly, the PS believes that the PRD, since it was established from the top downward by General Eanes, profiting from his post as president of the republic, is an "illegitimate party." Now, an alliance with the renewal faction would mean the legitimization of this party by the PS.

For these two reasons, the Socialist Party will continue in the foreseeable future to reject any agreement with the Renewal Party.

It might be said that these issues could have been put in the past after the departure of Mario Soares from the PS.

As everyone knows, Soares was in irreconcilable conflict with General Eanes, and his withdrawal from the socialist leadership could have created the conditions necessary for better relations between the two parties.

The fact is that while this might have been possible on the personal level, politically the situation may be even more complicated now than it was before.

And this is because the Socialist Party today is simultaneously a more technocratic and a more ideological party than it was in the Soares era.

Mario Soares, being a politician par excellence, adapted ideology to the circumstances of each moment very freely.

He appeared to be "more to the left" or "more to the right," depending on the particular situation encountered.

This phase in the life of the PS ended with the arrival of Vitor Constancio.

Being of a technocratic turn of mind, and therefore demanding, Constancio feels a need for ideological rigor which Soares did not, and this makes the party less "flexible" now.

The position of the socialists with regard to the other parties has thus become more static and less favorable to temporary alliances.

With regard to the PRD, this position will be unchangeable. There will be neither agreements nor alliances.

This means that the democratic renewal supporters will certainly continue to have a more open dialogue with the Social Democratic Party than with the Socialist Party.

The PRD and the PSD may frequently reach agreement, case by case, on specific measures.

Because they are "virgin" bodies, since they do not have a history behind them nor do they belong to any of the large ideological families, they are free to do what seems best to them at each moment.

The PS, which has returned with Constancio to a certain ideological (although "updated") purity, will always be a less accessible party.

5157  
CSO:3542/18



## MELILLAN LEADERS BREAK WITH SPAIN OVER MUSLIM ADMINISTRATION

Madrid EL PAIS in Spanish 10 Nov 86 p 13

[Article by Carlos Yarnoz]

[Text] Leaders of the Muslim community of Melilla want to set up a parallel administration in the city now that the community, at an assembly held last Saturday, decided to break off negotiations with the government and accept the resignation of top-ranking Aomar Mohamedi Dudu, as adviser to the Ministry of Interior, according to information from outstanding members of the community yesterday. Muslim leaders will begin today to study the proposal of creating Muslims' own identification papers, Dudu said.

Dudu added that he does not support the idea of creating that parallel administration, but rather, defends the concept of both communities participating at the same level in all city institutions, such as the city council or ministerial delegations. "If we are forced to become foreigners to the strength of our land, then we shall not recognize the existing institutions," Dudu stated, adding that if the central government applies the alienism law to them, then the Muslims will exercise pressure "in all directions."

However, the Muslim leader went on to note that "whatever measure we take will be peaceful and we shall condemn any act of violence, however small." He recalled that the government has taken away the police escort he had and that he is in a position of "defenselessness," despite having had "reliable" warnings that attack on him was planned during his visit to Ceuta on the 16th.

Along with other measures which the Muslim leaders were to decide upon at their meeting today, the community has already made the following decisions: to call a demonstration for 22 or 23 November; to organize a shutdown of trade; to appeal to international organizations asking for "a halt in aggression" against the community; to take Muslim children out of national schools if Arabic and the Muslim religion are not also taught.

If the situation continues with its current tension, Muslims plan to adopt other significant measures, such as not purchasing "European clothes" in the city.

Tension began in Melilla when, at the assembly last Saturday, an assembly marked by great tension as well, those in attendance approved two highly significant measures by an absolute majority. The first, proposed by merchant Abdelkader Mohamed Moh, proclaims "the Arab, Muslim and Maghrebian nature" of Melilla, asks for an intensification of relations with all Arab towns and nations in the area and proposes double Moroccan and Spanish nationality as a "solution for many Moroccans, Spaniards and Melilla natives."

The second proposal, also put forth by a merchant named Ali, states that Melilla belongs to the "kairato" (province) of Farhana (Moroccan town near Melilla) and that if the Spanish Government calls the Muslims of Melilla foreigners, then it will have to be stated that it is the Spanish Government that is foreign to the area.

The tension at the assembly, attended by some 2,000 persons, caused the Muslim religious leader of Melilla, Sid Dris Abdelkader, to suffer a serious heart attack, as a result of which he was hospitalized.

The great tension occurred when one of those in attendance, such as the young Abderrahman Mohamed, proposed continuing negotiations with the government. Abderrahman, together with some one dozen followers, was kicked out of the meeting.

Dudu said yesterday that the Muslim community in Melilla feels "deceived" because it supports a "total break" with the administration. Consequently, it has asked the government to put measures into effect as soon as possible to stop the increasing tension that the city will "undoubtedly" experience in the days ahead.

The top-ranking Muslim leader added that he has "no" relations with the present government representative in the city, Manuel Cespedes, and commented that in recent weeks, following the meetings and contacts with him, there have been scenes of great tension between the two. The appointment of Cespedes on Friday as government representative in the city was criticized by several Muslim leaders.

11,464  
CSO: 3548/23

## NEW DIRECTOR DISCUSSES CIVIL GUARD ACTIONS IN BASQUE REGION

Madrid EL PAIS in Spanish 6 Nov 86 p 19

[Interview with Luis Roldan, head of the Civil Guard, conducted by Carlos Yarnoz in Madrid; date not given]

[Text] The fact that a member of the UGT [General Union of Workers] and PSOE official should now head the Civil Guard is something that, to say the very least, many Spaniards view as a historic event. And yet, Luis Roldan, 43, the man in question, seems to be the least surprised. "It was not something I had planned. I think further ahead than that," says this Aragonese and the son of Navarrese, who is asking for time to clarify his ideas. But two things are already clear: The Civil Guard will not leave Euskadi [Basque country] and legal cases involving terrorism and in which members of the security forces are implicated must be handled in Madrid.

Yesterday was Roldan's first day in his official office as general director of the Civil Guard, surrounded by emblems and figures relating to the history of the Guard. He says that "at home," it was accepted "as something normal, as if it were to be expected in such a disciplined corps." One of his main objectives will be, as he noted yesterday upon being sworn in, to combine the tradition of the Civil Guard with modernization programs underway.

[Question] What did you mean two days ago with your warning that you will not cover up irregular actions on the part of Guard members?

[Answer] I was basically referring to ethical behavior vis-a-vis the citizenry. The Civil Guard is a public servant that must respect the law.

[Question] Many understood that you were specifically referring to the so-called "dirty war" against terrorism or cases involving torture.

[Answer] In the 4 years that I have been in Navarra as a representative of the government, no member of the Civil Guard or of the police had been convicted for mistreatment or torture. It is true that there have been irregular actions, such as the presence of "uncontrolled elements" at demonstrations, but they were corrected.

[Question] You know that there have been many references to alleged implications of the GAL with the Civil Guard.

[Answer] I have read only what has been published in the press.

[Question] Do you believe that a dirty war is permissible in a democracy?

[Answer] No. It is not possible and has not existed, as far as I know.

[Question] How have your relations been with the Civil Guard in Navarra?

[Answer] Very good. The Civil Guard has never made an important decision, such as the arrest of anyone, without my being informed ahead of time. The Civil Guard and the police have worked together in a coordinated fashion and have cooperated actively in the antiterrorist struggle.

[Question] Do you believe that the Civil Guard members assigned to Euskadi are well trained to face terrorism?

[Answer] I am convinced that they are perfectly trained. But the techniques of the criminals are also improving and it is very difficult to keep up with them. It would be desirable to upgrade our information services.

#### Northern Syndrome

[Question] Do you not believe that the Guard members sent to the Basque Country should have better psychological training, even when they return?

[Answer] They already take awareness courses. Regarding their return, I do not see that there is a so-called "Northern syndrome."

[Question] How do you view the recent confrontations between the police and the courts?

[Answer] Tension between branches of government is not good and we must try to eliminate it.

[Question] Should we centralize legal action regarding all matters having to do with terrorism?

[Answer] I believe so. Terrorism creates pressure on all society that affects all areas of life. Some may not be aware of that, but it is true.

[Question] Must we negotiate with the TA [Basque Fatherland and Liberty Group]?

[Answer] I defer to what the government has said.

[Question] Would you approve a meeting or contact by a Civil Guard official with an ETA delegate?

[Answer] I would transfer the decision to persons who have authority over me.

[Question] Will the Civil Guard have to abandon Euskadi as the Ertzantza increases its competency?

[Answer] I believe that there is no reason for the Civil Guard or the police to leave. There are matters which, according to the constitution and the statute of autonomy, are reserved for national bodies, such as guarding the borders. They not only have to do with terrorism, but also with common crimes, involving supracommunity aspects, such as the fight against drugs. This does not mean that the autonomous police do not play an important role in all aspects because that is their obligation.

[Question] But then to what extent should the ertzainas be replaced by the Guard or police?

[Answer] It would be a bit difficult to answer that at this time.

[Question] The Ertzantza is already active in the fight against terrorism.

[Answer] Why should it not help to fight any aspect of crime? But what is not clear is the matter of substitution. Cooperation, even in exchanging information, must exist, although these aspects must be organized through the Security Board.

Ertzantza

[Question] The Ertzantza is a state police force, but there seems to be a great lack of trust regarding its actions and abilities.

[Answer] I am not sure there is such distrust. I have not perceived it.

[Question] There is a civil director of the Civil Guard, but a key post such as that of the chief of staff in charge of information is in the hands of a military man.

[Answer] That is a matter to be studied by the Ministries of Defense and Interior.

[Question] Do you believe that the deployment of the Civil Guard, with some barracks in which there are only two or three Guard members, is proper?

[Answer] That does not seem to be the most logical or effective thing. The Civil Guard's mission of vigilance in those towns must be studied.

11,464

CSO: 3548/23

## WESTERBERG LEADS NONSOCIALISTS IN POPULARITY POLL

Stockholm DAGENS NYHETER in Swedish 26 Oct 86 p 13

[Article by Sven Svensson: "Westerberg the Nonsocialists' Candidate for Prime Minister"]

[Text] Liberal Party leader Bengt Westerberg is the nonsocialist voters' clear favorite as a prime ministerial candidate. This is shown by a DAGENS NYHETER/Institute for Market Research [IMU] poll concerning voters' confidence in the leaders of the five parties represented in Riksdag. Prime Minister Ingvar Carlsson had the highest rating.

The confidence poll was conducted as part of the latest political barometer, using home interviews in the period from 15 September to 8 October. In this poll the socialist bloc had the support of 49.5 percent of the voters, the nonsocialists had the support of 45.5 percent and the Environment Party had the support of 4.5 percent.

Almost 900 voters in all took part in the survey and the response choices were: very great confidence, great confidence, not much confidence and no confidence at all.

The confidence list for all voters looked like this:

1. Prime Minister Ingvar Carlsson enjoys the confidence of 76 percent of those polled, while 20 percent expressed little or no confidence in him.
2. Liberal Party leader Bengt Westerberg has the confidence of 52 percent of the voters, with a negative response from 43 percent.
3. Center Party leader Karin Soder has the confidence of 39 percent, with a negative response from 55 percent.
4. Left-Communist Party [VPK] leader Lars Werner has the confidence of 31 percent, with a negative response from 64 percent.
5. Conservative Party leader Carl Bildt has the confidence of 30 percent of the voters, with a negative response from 56 percent.



In Bildt's case it can be added that the number who answered "don't know" is unusually large, 13 percent compared to a normal level of 5-6 percent in this category. Thus as a new party leader Bildt has a reserve he can draw on in the future among these uncertain voters.

In this poll 20 percent of all respondents said they have "very great confidence" in Ingvar Carlsson. Within the socialist bloc, Ingvar Carlsson has a confidence rating of 90 percent. Some 64 percent of nonsocialist bloc voters hold the same opinion. Almost 70 percent of Liberal and Center Party sympathizers indicated confidence in the prime minister.

#### Choice of Young Voters

Liberal Party leader Bengt Westerberg has the confidence of 72 percent of nonsocialist bloc sympathizers, compared to 35 percent of those supporting the socialist bloc. Some 38 percent of Social Democrats expressed confidence in Westerberg.

The Liberal Party leader is especially popular among younger voters in the 18-29-year-old bracket, with 15 percent indicating "very great confidence" in him compared to Ingvar Carlsson's support level of 14 percent, despite the fact that the prime minister represents a much bigger party.

The list of confidence ratings given by party supporters for their own respective party leaders was headed by Lars Werner with 96 percent. He was followed by Ingvar Carlsson with 91 percent, Bengt Westerberg with 85 percent, Karin Soder with 79 percent and Carl Bildt with 74 percent. A reservation must be made when it comes to the VPK figure, however, due to the fact that there were so few respondents in this group.

#### Clear Favorite

In another section IMU asked voters who they would prefer to see as prime minister if the nonsocialists win an election victory.

Liberal leader Bengt Westerberg was the clear favorite. This applied to the sentiment among voters as a whole as well as among nonsocialist bloc supporters alone.

Among voters as a whole, every other one, 49 percent of those polled, feel that Bengt Westerberg is the best candidate for prime minister. Center leader Karin Soder came in second with a rating of 23 percent and Carl Bildt was in last place with 14 percent.

Bengt Westerberg has the support of 49 percent of nonsocialist bloc supporters and 52 percent of socialist bloc supporters, especially Social Democrats.

Karin Soder has the support of 18 percent of those in the nonsocialist bloc and 29 percent in the socialist bloc, while Carl Bildt's support comes primarily from Conservatives.

## Westerberg Again

In the event of an election victory the nonsocialist parties would decide among themselves who would serve as their prime minister. Here again the results of the poll point to Bengt Westerberg.

Among nonsocialist voters as a separate group the Liberal Party leader had a support rating of 49 percent. Carl Bildt went up to second place with 23 percent and Karin Soder had the support of 18 percent of the nonsocialist voters.

Three out of four Liberals, 70 percent, think Bengt Westerberg would make the best nonsocialist candidate for prime minister, a view shared by a third of the Conservatives, 31 percent, a third of the Center Party voters, 32 percent, and almost half the Environment Party voters.

Every other Conservative, 49 percent, would prefer to have Carl Bildt as prime minister and they were joined by a few Center and Liberal voters.

Every other Center Party supporter, 50 percent, would prefer Karin Soder as prime minister and a few Liberals and Conservatives share this preference.

### Party Leader Preference List

This list shows the percentage of all respondents who expressed great confidence in the party leader.

1. Ingvar Carlsson, Social Democrat, 76 percent.
2. Bengt Westerberg, Liberal, 52 percent.
3. Karin Soder, Center, 39 percent.
4. Lars Werner, Left-Communist Party, 31 percent.
5. Carl Bildt, Conservative, 30 percent.

### Breakdown of Responses

Some 49 percent of nonsocialist voters and 52 percent of Social Democrats would prefer to have Liberal Bengt Westerberg serve as prime minister if the nonsocialists win the next election. This is shown by the DAGENS NYHETER/IMU survey of the amount of confidence voters have in various party leaders.

In all 896 people were interviewed, 403 from the nonsocialist bloc and 422 from the socialist bloc. All answers are given in percentages.

Question: How much confidence do you have in each party leader?

<u>Party Leader</u>	<u>Total</u>	<u>Nonsocial- ist bloc</u>	<u>Social- ist bloc</u>
Carl Bildt			
Very great confidence	4	8	1
Great confidence	26	43	11
Not much confidence	38	31	45
No confidence	18	3	33
Don't know	13	15	10
Ingvar Carlsson			
Very great confidence	20	5	35
Great Confidence	56	59	55
Not much confidence	18	28	8
No confidence	2	4	0
Don't know	5	4	2
Karin Soder			
Very great confidence	4	6	2
Great confidence	35	44	27
Not much confidence	41	36	47
No confidence	14	8	20
Don't know	6	6	4
Lars Werner			
Very great confidence	2	0	4
Great confidence	29	16	42
Not much confidence	41	40	42
No confidence	23	39	9
Don't know	5	5	2
Bengt Westerberg			
Very great confidence	8	14	2
Great confidence	44	58	33
Not much confidence	36	22	49
No confidence	7	2	13
Don't know	5	4	2

Question: If the nonsocialists win the next election, which of these people would you prefer to have as prime minister?

Carl Bildt	14	23	6
Bengt Westerberg	49	49	52
Karin Soder	23	18	29
Doesn't matter	4	6	3
None of the above	4	1	6
Don't know	5	3	4

6578

CSO: 3650/20

COMMANDER: SUB INCURSIONS MEAN FAILED SDP SECURITY POLICY

Stockholm DAGENS NYHETER in Swedish 3 Nov 86 p 5

[Op Ed article by Commander Hans von Hofsten: "Security Policy Has Run Aground"; first paragraph is DAGENS NYHETER introduction]

[Text] It can be stated against the background of the Supreme Commander's latest report of 15 submarine incursions that the foreign policy aspect of our security policy has failed after 5 years of effort. The painful thing is that the same thing must be said of the defense policy that has been pursued. What we have devoted ourselves to since 1980 is nothing but an empty gesture that will eventually erode the morale of naval personnel and the self-esteem of the Swedish people, according to Commander Hans von Hofsten. He writes that both our foreign policy and our defense policy are headed for a breakdown.

Olof Palme often said that foreign policy is always our first line of defense, a statement he made for the last time in a speech delivered during the 1985 Christmas season. Pierre Schori is now saying the same thing. The visible means used in this first line of defense are sharp protests against identified incursions and frequently repeated assurances about the solidity of our neutrality policy, which according to Palme "bears the stamp of permanence."

In addition to this the government has made some "signals" to Moscow that were apparently aimed at showing that Sweden wants good relations based on mutual respect for the security interests of both sides.

Referring to this policy, Carl Bildt said in 1983 that "there has been a systematic error in our view of the Soviet Union" and that "normal relations with the Soviet Union cannot be restored unless the submarine violations cease."

Today we have good formal relations with the Soviet Union--despite the fact that the submarine violations continue with undiminished intensity. Perhaps Ola Ullsten was right when he said back in 1983: "This is the crude expression of superpower arrogance. Sweden's nonaligned status is praised in after-dinner speeches but it is sabotaged whenever this suits Soviet military

interests. In his so-called peace offensive the leader of the Soviet Union has understood how to skilfully play on free public opinion in Sweden and other democracies. When it benefits planning for war there is an arrogant, cynical and ruthless disregard for the reaction of public opinion."

It would be presumptuous for a layman to express a definite opinion about how the first line of defense, foreign policy, should be handled. But against the background of the latest report from the Supreme Commander of the Armed Forces [OB], which noted 15 submarine incursions, it is possible to say that after 5 years of effort the foreign policy aspect of security policy has failed in an important respect.

The painful thing is that the same must also be said of the defense policy that has been pursued.

It is easy to say that the Swedish Navy must improve itself, but only someone with full insight into how submarine searches are carried out can make any legitimate criticism of the process. I can only attest that these searches are carried out with all the energy and fixity of purpose that the personnel can muster. In view of the fact that this is not enough, it is obvious that more resources are needed.

Politicians and editorial writers often say that we are investing a lot of money in building up our sub-hunting capacity and that the incursions must be halted "with all the means at our disposal." In cold figures we are spending 200 million kronor a year over a 10-year period on this buildup.

How much is 200 million kronor? The amount cannot even be expressed as a whole percentage of the defense budget. It is the cost of the increase in the social benefits for draftees during the last Defense Act period. If anyone thinks this kind of spending on the part of a nation that has foreign naval vessels operating in its archipelagoes will impress a superpower he is quite mistaken. He is also mistaken if he thinks that by spending this amount we will be able to make a dent in the big technical and tactical head-start enjoyed by the superpowers.

The latest OB report says that the sub-hunting force that has been set up has at least kept intruders from penetrating at the times and in the places where the force was conducting exercises. They did slip through in 15 other locations.

No one can expect us to prevent all violations, as many cabinet ministers have pointed out. That is certainly true. But at the present rate the next sub-hunting force will not be set up until after 1995! And it is futile to believe that our adversary, with full knowledge of our plans, will sit with his arms folded during this time. He can adapt his technology and tactics to our measures at a convenient tempo.

Our most experienced officer in the field of modern sub-hunting, Commander Goran Frisk, maintains that what is needed is a considerably larger investment, 10 billion kronor concentrated in a 5-year period. I share his opinion



that we must make up our minds to solve the problem and that we must roll up our sleeves and get to work! If we fail to deal with the problems in a resolute fashion we will have to live with Spetznaz units in our archipelagoes for the foreseeable future—or until the intruders utilize their skills for their real purpose.

What we have devoted ourselves to since 1980 is nothing but an empty gesture that will eventually erode the morale of naval personnel and the self-esteem of the Swedish people. Could that be precisely the intruders' intention? Our leaders' lack of enterprise fills one with a paralyzing feeling of powerlessness.

If both foreign policy and defense policy have failed in peacetime, the prospect of war gives rise to even greater misgivings.

Our defense doctrine is based on training and drilling draftees in peacetime who can be mobilized in times of crisis with the help of a well-prepared mobilization organization. The advance warning that is necessary is to be provided by reconnaissance and the intelligence service. It has worked so far, so why shouldn't it continue to work in the future? Because the only thing one can say with certainty about a future war is that it will not be what we thought it would be. Because surprise is a key element in all plans for aggressive warfare. And a military force that is virtually nonexistent before it is mobilized is extremely vulnerable to a surprise attack.

In peacetime we still have adequate resources to check violations by individual units in the air and on the ground, but they are totally inadequate for the purpose of repelling a determined attack by an assailant with modern transport facilities that can move forces directly from their peacetime formations. On the other hand in wartime, when we are fully mobilized, we can place 850,000 men under arms. It must be extremely tempting for an attacker to try to achieve decisive success while we still have our pants down and then sabotage our mobilization efforts by striking with precision at the vulnerable points that are increasing in number in our modern centralized society.

In previous articles I have tried to show that these are the kinds of preparations that the Soviet Union is concentrating on with great energy and purposefulness in our archipelagoes, harbors and naval bases, around the homes of pilots and over the entire countryside with the help of international carriers and an extensive spy network.

Unfortunately our own measures have made it considerably easier for an attacker to make use of surprise, the basic element of this tactic. We have arranged things in such a way that many of the units that could be mobilized in an emergency cannot be used immediately.

General Lars-Erik Englund in Upper Norrland and General Carl Bjoreman in southern Sweden have openly pinpointed glaring deficiencies in both mobilization readiness and training. The Defense Committee has made spot checks that revealed deficiencies in mobilization supplies that have been described as scandalous. Thus our mobilization readiness has been greatly eroded but this



has occurred so gradually over a 20-year period that our leaders, who remain in the same post for only 3 to 5 years, have not realized it. Thus one of the cornerstones of our defense policy is on the verge of collapse.

Every taxpayer must ask himself how our defense policy is really being handled. The question is as legitimate as it is easy to answer--not very well!

It is also easy to follow the example of Riksdag member Hans Lindblad and excoriate the army leadership for lack of control and organizational deficiencies. But the military system reacts in the same way as old computers. If you present them with an insoluble equation they break down. For decades the defense system has been given tasks that do not match the resources provided, so something had to go awry. However in contrast to a piece of equipment, military people can take the initiative. Thus by resorting to makeshift arrangements and cutting away at the corners they have been able to avoid a total breakdown. In addition they have been forced to "rationalize" far beyond the point where it benefited military effectiveness.

Now more and more high-ranking officers are slowly, annoyingly slowly, beginning to realize and say publicly that not only has the number of qualified units declined sharply, the entire defense infrastructure has been subject to a similar decline as a result:

Training is not meeting the goals that have been set.

We cannot afford to keep our most valuable personnel.

Staff capacity is being taxed by fiscal problems and "tightening leaks" to keep the ship afloat.

Civilian employees have been cut so much that we cannot take care of stock-piled materiel.

Worn-out helicopter engines cannot be replaced in time.

Too few spare parts or none at all are being purchased.

No margin is provided for losses.

The list can be expanded almost indefinitely.

It is not one person's fault when two people get into an argument. Both the political and the military leadership are to blame for the situation that has arisen. The politicians must adapt the resources to the tasks assigned or vice versa. On the military side the consequences of inadequate funding should be reported honestly. But this is not done, probably due to a built-in error in the training system. A recurrent theme in an officer's training is that he should handle his assignment using the means provided and never admit defeat. This is undoubtedly an excellent precept in wartime, but that is definitely not the case when it comes to peacetime defense planning.

However the Supreme Commander has clearly stated what he needs to handle the assigned tasks prior to the passage of each Defense Act. Hans Lindblad, on the other hand, can ask himself what his party has done for the military during its flirtation with the Social Democratic disarmament wing before the last Defense Act was passed. As I said, the responsibility must be shared, but the ultimate responsibility must be borne by the politicians who condescendingly dismissed what the country's leading experts had to say about the matter.

The gist of what I have presented here is that both our foreign policy and our defense policy are headed for a breakdown. To put it briefly, the entire security policy has run aground! It is high time we joined forces to get the ship off the shoal, tighten the leaks and then set our course according to the new nautical chart that indicates:

A much larger strategic importance for our country.

A greatly increased capacity and range for transport facilities.

A new technique and tactics for lightning attacks being developed by a potential assailant.

A continued arms buildup in the rest of the world while we ourselves are reducing our armaments.

The Supreme Commander has presented the minimum amount needed so that we can navigate according to this new chart.

Why don't those in charge listen to him?

6578

CS0: 3650/20

## PAPER REPORTS CARLSSON'S PRAVDA INTERVIEW. NOTES TASS OMISSIONS

Stockholm DAGENS NYHETER in Swedish 28 Oct 86 p 12

[Article by DAGENS NYHETER correspondent Harald Hamrin: "Clear Stand Against Submarine Violations"]

[Text] Moscow--Swedish-Soviet relations are headed in a positive direction. But there is a need to further improve relations on the basis of respect for national sovereignty and the inviolability of national boundaries.

Prime Minister Ingvar Carlsson said this in an extensive and unusual interview in the Soviet party organ, PRAVDA. In the interview with PRAVDA's Nordic correspondent, Mikhail Kostikov, Carlsson also mentioned a number of international issues, including arms control and the summit meeting in Reykjavik.

In the international section the Swedish prime minister primarily reiterated well-known Swedish positions. But toward the end of the interview he mentioned Swedish-Soviet relations, expressing views that must have seemed new and somewhat controversial, at least to Soviet readers.

After stating that Sweden is pursuing a policy of neutrality and wants "good and stable relations" with the Soviet Union, Carlsson made it clear that "recently these relations have developed in a positive way."

## Clear Stand

"But it is worth emphasizing that I feel real progress is needed in a number of areas," said Carlsson. "This must be based on respect for national sovereignty and the inviolability of national boundaries."

For the "ordinary" Soviet reader who regarded the strained Swedish-Soviet relations in the first half of the 1980's as the result of more or less malicious manipulation on the part of "certain right-wing circles," the prime minister's statement represents a clear official standpoint.

Behind the diplomatic choice of words lies an indication that the continued submarine violations--although the Soviet Union is not directly implicated--represent a disturbing element in relations between the two countries.

In the interview Carlsson also expressed his interest in "broadening trade connections and cultural contacts." But here too he made several statements that reveal dissatisfaction with the state of affairs.

#### Divided Families

"In this context I would like to place special emphasis on humanitarian issues," the prime minister said. "For example we should facilitate contacts between members of divided families across national boundaries to a greater extent than we do now."

DAGENS NYHETER has learned that the Swedish Foreign Ministry has a list of between a dozen and 20 "cases"--about 50 people are involved in all--that are designated as "reunion cases." They primarily involve Soviet citizens who are married to or have some other form of family ties with Swedish citizens or people living in Sweden but are not allowed to leave the Soviet Union. These cases are brought up regularly in diplomatic contacts between Sweden and the Soviet Union.

In conclusion Carlsson said of Swedish-Soviet relations that he "hopes" that both sides share the view that unsolved problems must be regulated "in a spirit of mutual understanding by means of negotiations that take the interests of both sides into account."

#### Worth Noting

The section on Swedish-Soviet relations represents a small and final part of the interview which otherwise deals with international issues and was published under the headline, "Vital to Do Everything Possible for Arms Reduction." But it is worth noting that such critical views, even though they were presented in veiled terms, appeared in the Soviet party organ. It should also be mentioned that the section on Swedish-Soviet relations was omitted entirely from the report of the interview issued by the official news agency, TASS.

In the interview the Swedish prime minister also expressed the hope that it will be possible for the United States and the Soviet Union to reach agreement on a total ban on nuclear testing. In this context he made a positive reference to the unilateral Soviet moratorium.

6578

CSO: 3650/20

## NATURALIZATION REFORMS PROVOKE PROTESTS

Paris LIBERATION in French 13 Nov 86 pp 5, 6

[Article by Beatrice Vallaeys: "The Elysee Targets the Naturalization Code"]

[Text] The naturalization code reform draft was approved amidst an outburst of protests with those of the Elysee being extremely vehement. The National Front also complained but of too great leniency.

As expected, the Council of Ministers yesterday adopted the naturalization code reform draft. As expected, this step was followed by a volley of protests in accordance with the various criticisms formulated while the text was being worked out over the last 8 months. All that was lacking was Francois Mitterrand's official position, known since yesterday: in this case, a complete, unambiguous disagreement with "several of the planned measures." "The president of the republic decided that the draft law derives from a philosophy he does not share," Elysee Spokesman Michele Gendreau Massaloux explained. "In particular, he expressed his fear that tens of thousands of young people already torn between two cultures would be pushed out to the fringes."

One thing is certain: seldom has a government plan called forth such rejection and uneasiness from the Elysee. Yesterday, some Elysee advisers did not mince their words in describing the document. "It represents the first ideological victory for Le Pen, neither more nor less. It is a humiliating law, and reflects the stupidity of its time," one of them said. "It abases. It strikes at the very heart of the nation's constitution. It is a road roller that crushes thousands of young people and creates stateless people, outsiders," another commented. A third, without referring directly to the draft bill, remarked that "this government is xenophobic, hard on the weak and is creating a nigger class in France, while on the outside, its windshield wiper policy aims mainly at appeasing."

The story is the same in the ranks of the SOS Racisme where yesterday, during a press conference, Harlem Desir showed once again, by discussing each of the plan's provisions how the document would "ghettoize" the France of tomorrow. "Contrary to its stated goal, this reform plan will not reduce the number of foreigners in France, but will increase it by preventing the assimilation of a certain number who will fail to meet the new criteria for obtaining French citizenship. We are headed towards the creation of a caste of subcitizens,



young people born in France, who have gone to school in France, who speak French, but who will become stateless people because they will be refused French citizenship for committing minor offenses." Directly attacking the prime minister, Harlem Desir stated that "in the ship of state, Chirac is rowing for Captain Le Pen," adding that the draft bill constituted "a declaration of war on young people, by establishing a difference between children as a result of the origin of their parents. This selection between the wheat and the tares is a form of eugenics that people believed had seen its day long ago." Then she announced that the SOS Racisme movement would launch a major campaign in the country, and if necessary would call for demonstrations to prevent this draft bill from being voted in by the parliament.

France Plus (the association for the development and exercise of civil rights by young people born of immigrant parents) did not beat about the bush either: "The revision of the naturalization code is a disgrace and humiliation for the 17 million French people of foreign origin. The revision of article 44 (Editor's note: which suppresses the automatic acquisition of citizenship by foreigners in France) cunningly and dangerously recalls a certain idea of the human race as it was defined under the Vichy and Nazi government." In conclusion, the association made an "appeal to the president of the republic, the guardian of institutions and freedoms, to the head of the government, responsible for the political administration of the country, and asked all democrats present in the National Assembly to say no to a plan that would tarnish France's image."

The same strategy was followed by the CFDT which promised to "endeavor to convince members of parliament not to make life more difficult for young foreigners" and "would do its utmost to mobilize opinion in order to preserve the present legislation to the maximum extent."

There are no such sentiments, obviously, on the government's side and among some elected officials of the majority. Replying to Francois Mitterrand, Alain Juppe, in his Council of Ministers report, went no further than to say that "the government for its part has its philosophy. It is the government that has prepared the draft bill. The latter was adopted by the Council of Ministers and it will be submitted to the parliament. [Footnote 1] [The date when the bill will be studied by the National Assembly has not yet been set. It was observed yesterday at the Chancellery that everything would be done for it appear before this parliamentary session]. After him, Michel Debre defended the document, declaring that it was "certainly not humiliating to ask young people born in France of foreign parents to choose their citizenship at 16 years of age," as if the entire reform could be summed up in this single provision. Abridging the account in the same way, a deceptive one to say the least, Isere Deputy Michel Hannoun, RPR national secretary responsible for social questions, stated that "far from wanting to leave tens of thousands of young people on the fringes, the reform of the naturalization code aims to ease their integration and to make positively voluntary tomorrow an act which today remains negatively voluntary."

CDS Secretary General Jacques Barrot appeared clearly more embarrassed yesterday, and said that "the naturalization code is not unreasonable. We were afraid that the plan might go further, but the planned reforms are reasonable



and relatively moderate." Jacques Barrot added however, that "Chalandon should nevertheless explain his position before the deputies and if it turns out that the reason is distrust of foreigners, we will say no."

As for the National Front, it could only be glad of the gift it has received. Yesterday, however, Jean-Marie Le Pen's party was not totally satisfied, regretting that the reform draft "had been largely emptied of its contents." They went on to deplore in this order "renouncing the oath," "the retention of automatic access to French nationality for the children of Algerians born in France of parents who were themselves born in Algeria before 31 December 1962" (Editor's note: when Algeria was a French department), and finally "the possibility for young delinquent foreigners of becoming French provided that they have not been sentenced to penalties of more than 6 months in prison" (Editor's note: he forgot to mention that the list of "eliminary" offenses has been considerably lengthened). In short, for the National Front the obstacles to the acquisition of citizenship introduced into the reform draft are still not enough. When the parliamentary debate begins, the group's members of course intend to fight to have them voted in, and "will remind elected RPR/UDF officials of their electoral commitments, and will attempt to win majorities from ideas on the defense of national identity."

9824

CSO: 3519/32

## IRANIAN MISSIONS REQUIRE HEAD COVER FOR WOMEN REPORTERS

## Embassy Attendance Condition

Istanbul CUMHURIYET in Turkish 21 Sep 86 p 9

[Text] Women journalists were prevented from attending a press conference at the Iranian Embassy on the sixth anniversary of the Iran-Iraq war by a condition attached to the embassy's invitation to the press:

A woman calling this newspaper from the embassy to extend an invitation to the press conference immediately added the embassy's condition: women journalists who wished to attend would have to dress in accordance with Islamic rules. A woman colleague who received the information was at first surprised, as a woman journalist dressed in accordance with Islamic rules are not a common sight in Turkey. She said this could not be done. The Iranian Embassy advanced no corresponding demands for men journalists. In the Turkish Republic, where Ataturk's dress reform was implemented a very long time ago, the Iranian Embassy, in marking the sixth anniversary of the war with Iraq, was advancing a single condition for the Turkish journalists it invited to a press conference. But it was a condition no journalist could go along with. Therefore, only men reporters were able to attend the Iranian Embassy's press conference on Sunday.

## Consulate Issuance of Scarves

Istanbul MILLIYET in Turkish 23 Sep 86 pp 1, 7

[Excerpt] MILLIYET INFORMATION SERVICE--Mir Ja'far Za'faranchi, the consul general of the Islamic Republic of Iran in Istanbul, said in answer to a question on "war losses" at his press conference on the sixth anniversary of the Iran-Iraq war: "According to the Koran, martyrs are immortal. Therefore, Iran has not suffered any deaths in this war."

Before the press conference at the Iranian Consulate General in Istanbul, women newspaper reporters were presented with navy blue head scarves and asked to keep their heads covered until they left the consulate building. At the press conference, which began with the journalists being offered fruit juice and pastry, Za'faranchi said that the war had been going on for 6 years due to the support of forces backing Saddam Husayn.

## PROSPERITY PARTY MEETING RAISES WOMEN'S HEAD COVER ISSUE

Istanbul CUMHURİYET in Turkish 22 Sep 86 p 9

[Excerpts] ISTANBUL NEWS SERVICE--A meeting organized by the Prosperity Party at Zeytinburnu yesterday in connection with the byelections became the scene of interesting spectacles, slogans, and placards. The meeting, held at the open soccer playground next to the Zeytinburnu Stadium, was attended by a crowd of about 3,5000. A group of about 200 women, covered in accordance with their faith, were conspicuous as a separate group at the back of the playground.

The women listened to the speeches, holding flags with the Prosperity Party emblem and placards bearing inscriptions such as "The sweat of the brow is blessed, interest on money is cruelty; prosperity comes in, cruelty ends"; "He fears the freedom of faith who does not trust his own faith." When told by Tayyip Erdogan, the Prosperity Party [PP] parliamentary deputy for Istanbul, "O honored sisters, your faith, your freedom of thought, and your head cover is in danger," they shouted the slogan: "The hands that reach out for the head cover will be broken."

Erdogan said that when he goes to the Grand National Assembly, he has some questions to ask of deputies, and the first concerns respect for the human being. He said: "There is no respect for the human being in this country. In a country where a lap dog costs 125,000 liras a month to keep, a human being has to live on 28,814 liras. First, we will ask them to account for this. In our country, some of our brothers are on trial for their faith. We will probe the issue of freedom of thought. O honored sisters, your faith, your freedom of thought, your head cover is in danger. We have an obligation to defend and we shall defend the honor of your head cover for as long as this head of ours is not severed from these shoulders."

13184/9190

CSO: 3554/42

## ISLAMIC DENTISTRY WEEK HELD; SOME DENTISTS OFFER CRITICISM

Istanbul CUMHURİYET in Turkish 23 Sep 86 p 10

[Text] ISTANBUL NEWS SERVICE--The Second Dentistry Week of Islamic Countries began its work at the Ataturk Cultural Center [ACC] with "songs of heroism" sung to instrumental music by an Ottoman-style military band. A group of 83 dental surgeons from Istanbul organized and signed a petition criticizing the Dentistry Week of Islamic Countries on the grounds that "religion makes no difference to oral-dental anatomy and treatment."

Prof Dr Orhan Oguz, rector of Marmara University, in opening the week said that there are now over 300 foreign students from the Middle East and Africa at the university and that the university administration aims to raise this figure to 2,000.

The gathering devoted its first day to various cultural and artistic activities and the remaining 4 days to scientific sessions on oral hygiene and dental medicine. The presentation by the military band was followed by the day's events at the main hall of the ACC.

First, a group of young people in traditional dress marched on to the stage to the accompaniment of the Youth March and carrying the flags of the TRNC, Saudi Arabia, Iran, Iraq, the United Arab Emirates, Egypt Syria, Qatar, Kuwait, Britain, Germany, and the United States. Following the singing of the Turkish National Anthem, Prof Dr İlhan Cuhadaroglu came to the rostrum in academic gown to give the opening speech, thus setting the precedent of wearing a "gown" at scientific sessions and cultural celebrations, as is done at opening and closing ceremonies of university academic years. He said that the Islamic Union had great aims for dentistry, adding: "We would readily share our last crumb with the Islamic countries."

The dean also reported that the Religious Foundation of the Dentistry Faculty of Marmara University had acquired a fuel-oil franchise and a tanker, and that it would open a gas station soon. He said that the foundation had provided the material resources for the current week, and that it would continue similar activities, such as providing scholarships for students.

Professor Oguz, the rector, said that what he had opened was a Turkish-Islamic "synthesis meeting." He noted that its 300 foreign students made

Marmara University an international university, and he said that it was aiming at providing places for a further 2,000 students in the next few years. He said: "In the years ahead, students from various countries will participate in this kind of scientific meeting, will inhale its atmosphere, and will return to their countries satisfied." Oguz did not wear a gown when making his speech from the rostrum.

Prof Dr Selcuk Yilmaz, who did wear a gown while giving his speech, said that preparations were complete for teaching in English at the Dentistry Faculty of Marmara University for the benefit of foreign students.

At the opening ceremony, which was attended by 280 dentists and at which 46 reports were to be submitted, plaques were presented to Dr Abdullah As-Sibahi, president of the Arab Dentistry Federation, Ahmet Niyazi, member of the Council of the Union of Dentistry of Islamic Countries, and to six British, German, and American scientists for their achievements.

In the meantime, a group of dentists reproached the "Dentistry Week of Islamic Nations" organized in Istanbul. They launched a campaign to collect signatures for a declaration, saying: "Science is a whole. There are no separate sciences for Christians and Muslims." The declaration, signed by 83 dentists, sets out the following views:

"Oral or dental anatomy are the same under any religion, and there cannot be any difference in the treatment of the mouth or the teeth on religious grounds. We, the undersigned dentists, faithful to the physician's oath--namely, that 'I shall not allow considerations of religion, nationality, race, party, or social level to come between my profession and my patient'--oppose this mentality that is attempting to divide physicians by religion, and we ask public opinion to condemn it."

13184/9190  
CSO: 3554/42



## OVERVIEW OF TURKISH-SWEDISH TRADE RELATIONS

Istanbul DUNYA (Supplement) in Turkish 30 Sep 86 p 4

[Excerpts] Sweden has an economic structure substantially dependent on external trade and occupies a relatively important position in world trade. While there has been development in our trade with Sweden recent years, particularly in 1985, it cannot be said to have reached a high level. It is true that this trade has effectively doubled in the past five years to nearly \$200 million a year, but the deficit in our trade with Sweden has hovered around \$70 million during the same period. Our trade with Sweden accounts for a mere 25 per thousand of Sweden's external trade, our exports to 20 per thousand of its imports, and our imports from Sweden to 30 per thousand of its exports.

There was a balance in our favor in 1975, due to the proceeds from the sale of aircraft fuel sold to Sweden. Generally, the higher figures enjoyed by Sweden in its trade with Turkey are due to the nature of Turkish exports to Sweden--agricultural products and minerals--while our imports are made up by higher-value industrial raw materials, machinery and equipment. This is true for almost all developing countries. Therefore, the possibility of improving our balance of trade with Sweden lies in increasing our exports to Sweden, now based on a limited range of products, by introducing additional new products to the Swedish market. In fact, even though a number of new items do appear in our product range in 1984 and 1985, a very high proportion of our exports still consists of crayfish, hazelnuts, dried figs, leaf tobacco, minerals, petroleum products, and textiles. The most important items among our imports from Sweden are overland transport vehicles, wood pulp, paper and cardboard, gasoline and diesel engines, machinery and chemicals.

Another point that needs noting in connection with our reciprocal trade is the difference in the figures published by Turkey and Sweden, due to re-exporting operations or to third-country intermediaries. The discrepancy between the statistics of the two countries for their reciprocal trade arises from the fact that while the country of origin is used as a base in calculating imports, exports are calculated on the assumption that the country to which delivery is first made is the country of final destination.



## State of Our Main Export Products on Swedish Market

**Hazelnuts:** While Swedish figures indicate that 90 percent of the country's imports of nearly 15,000 tons of hazelnuts are of Turkish origin, our records show rather a low figure for exports to Sweden.

Sweden, which prefers our plump and spherical hazelnuts, imports Turkish hazelnuts through West Germany.

Sweden imports hazelnuts from Turkey, West Germany, Italy, and Denmark for use in the chocolate, cake, and ice cream industries. There is a great export potential here for Turkish hazelnuts if the consumption of hazelnuts as a snack can be encouraged and direct exports achieved.

**Crayfish:** Crayfish are not subject to import duty and are imported from Turkey, the United States, Norway, Yugoslavia, and Greece. As in the case of hazelnuts, Turkish crayfish come to Sweden through third countries like Western Germany. While our statistics put the value of our exports of crayfish to Sweden at around \$30,000-100,000 in the past four years, Swedish statistics indicate that \$8 million of the total of about \$9 million worth of crayfish imports were of Turkish origin.

It is said that imports of crayfish from the United States have been declining steadily over the years due to their poor quality. It may be said that our crayfish, well-liked for their quality, can capture a large slice of the Swedish market if they are made to meet other export criteria as well.

**Chromium ore:** A study of available statistics reveals a similar situation: once again, there is a discrepancy between the figures provided by the two countries, ours being noticeably lower than the Swedish ones.

The period of stagnation in the iron and steel industry-in the 1980s adversely effected Swedish chromium ore imports. The main countries exporting chromium ore to Sweden are Finland, South Africa, Turkey, the USSR, the Philippines, and Albania.

Chromium ore also may be imported from any country and is not subject to import duty.

**Dried figs:** All of Sweden's demand for dried figs is met by Turkey. An increase is noticeable in exports of this product, which is not consumed except during the Christmas period [as published].

**Leaf Tobacco:** The main exporters of leaf tobacco to Sweden are the United States, Turkey, Poland, Greece, and Cuba, with Turkey having about 25 percent of the market. Cigarette consumption is steadily falling due to the current anti-smoking campaign and tobacco imports are expected to decline in the years ahead.

**Ready to wear clothing:** it is noticable that many countries export ready to wear clothing to the Swedish market. They number 19, in fact, and

include Finland, Denmark, Britain, Italy, Portugal, Hong Kong, and South Korea, each with a substantial market share, and others like Turkey with small ones. The Turkish share of this market is less than 1 percent. Given Turkey's potential in this sector, this is a much lower figure than it should be.

Turkey is in the unfavorable position of having to pay customs duties on its exports in this category while EEC and EFTA members enjoy exemption; it is nevertheless believed that Turkish participation in the international spring and fall fashion fairs will greatly contribute to increasing our exports.

Carpets: Turkey's share is very small in a market dominated by large exports by the CPR, Pakistan, India, and Iran.

In this market, with its interest in Chinese carpets, our hand-made carpets have a quality-based competitive edge and may be predicted to make their mark if marketed at suitable prices.

Roasted dry fruits and dried apricots: Britain, West Germany, the Netherlands, and Turkey are the leading countries exporting to the Swedish market, but Turkish products are generally supplied after being packed in West Germany first.

One may say that we can obtain a large slice of this market if our exporters meet the demands of Swedish importers regarding packing and standards.

Turkish dried apricots have won a favored position in Sweden and are preferred, even at higher prices, to the products of other countries.

# VOLUME OF TURKISH-SWEDISH TRADE

(in U.S. \$'000 )

YEARS	OUR EXPORTS	OUR IMPORTS	BALANCE	TRADE VOLUME
1981	19,254	73,463	- 54,209	92,717
1982	19,307	102,158	- 82,851	121,465
1983	23,478	90,840	- 67,362	114,318
1984	35,789	108,032	- 72,233	143,821
1985	64,681	132,712	- 68,031	197,393

13184/9190

CSO: 3554/46

## UNEMPLOYMENT INCREASING FASTER IN FLANDERS THAN IN WALLONIA

Brussels LE SOIR in French 7 Nov 86 p 2

[Article by Guy Depas; first paragraph is LE SOIR introduction]

[Text] A real massacre in Flanders! Between the end of September and the end of October, unemployment increased by 10,579 units in the northern part of the country, but rose by only 89 and 30 units respectively in Wallonia and Brussels. Since the decisions reached at Val-Duchesse are implicated, some confusion can be detected within the ranks of the CVP, where latent opposition to the "Verhofstadt budget" is gaining in intensity. It is a cruel coincidence that just as the regional breakdown of statistics is leaving the Flemish provinces in a state of shock, the social partners will be officially signing, on Friday, the interoccupational agreement which probably would not have been concluded without the very special insistence of the ACV [Confederation of Christian Trade Unions] (the Flemish wing of the Christian trade unions).

Has the social fallout from Val-Duchesse been more lethal to Flanders than to Wallonia and Brussels? And is the impact of that fallout already reversing the trend toward a reabsorption of unemployment that Martens V was using just a year ago as an electoral springboard to Martens VI?

All indications are that the northern part of the country is currently the victim of an anticipatory phenomenon that should be quickly corrected. And without going so far as to claim that Michel Hansenne, minister of employment and labor, is pulling the alarm bell for no reason, one is forced to admit that from year to year, and despite the explosion last month, the unemployment level is remaining practically stable in the Flemish region.

In fact, the statistical decline makes a double observation possible: first, the number of fully unemployed persons receiving benefits and seeking work in Flanders was down by 7,944 units in October 1986 in comparison with the same month in 1985; and second, the other side of the picture is that the number of fully unemployed persons not seeking work--older unemployed persons not required to report and arbitrarily removed from official records--rose by 8,443. Taking the difference between those two figures, it can be seen that the real increase from 1 year to the next was only 499 units.

At the same time, while Brussels is combining practically all the advantages, Wallonia for its part is accumulating all the disadvantages in a comparison between the figures for October 1986 and those for October 1985.

In Brussels, there were 4,490 fewer unemployed jobseekers last month than there were a year earlier. And since the number of elderly unemployed in Brussels was up by 1,772 persons, the overall statistics showed an improvement of 2,718. In Wallonia, on the other hand, there were 8,340 more unemployed as of 31 October 1986 (4,153 jobseekers and 4,187 unemployed persons having passed the age of 50 and receiving compensation but not required to report).

While not denying the disturbing nature of the deterioration in the situation on the Flemish labor market last month--which, be it said in passing, should perhaps lead the devotees of a "Belgium running at two speeds" to show more modesty or less aggressiveness--one can say that this brief look back enables one to put things in perspective. All the more so because while the outlook is not serene in the north, it is not serene in the south either.

Philippe Busquin, who is a Socialist deputy and a former minister in the Walloon Regional Government, emphasized that fact yesterday to the Finance Committee of the Chamber of Representatives, which was continuing its examination of the state budget for 1987 (reported elsewhere in today's edition). He said that the famous "Sainte-Anne plan" was not going to be neutral on the issue of employment in Wallonia just because the effects of Val-Duchesse were making themselves felt first in Flanders.

The fact is that in education, the north is currently the victim of its former privileges: whereas austerity in Walloon school budgets is resulting in leaves of absence for teachers who are theoretically permanent and therefore will not be added to the unemployment statistics until some time has passed, Flanders has had to resign itself, as the French speakers have long had to do, to firing its temporary teachers. And those temporary teachers immediately become part of the statistics.

Moreover, the plans for industrial restructuring, particularly in large-scale metallurgy, have largely been already implemented in the Flemish part of the country, but they are still in the planning stage in the south, with 2,000 jobs to be lost at Cockerill, 1,500 at Tubemeuse, 1,300 at the ACEC [Charleroi Electrical Engineering Shops], and so on.

11798

CSO: 3619/12

## GOVERNMENT ANNOUNCES TEN-POINT EMPLOYMENT PROGRAM

Brussels LE SOIR in French 12 Nov 86 p 2

[Article by G. D.]

[Text] What we have so far is more a program for employment and political consensus than a real plan: what did the "superministers" decide in Val-Duchesse on Saturday?

By way of preamble, the government is reminding the employers and the unions that they agreed to devote .5 percent of the aggregate of wages to new hiring in 1987 and 1988. It will be recalled that that is the price to be paid for a return to freedom to negotiate collective agreements.

Everything else is in line with the proposals by Michel Hansenne, minister of employment and labor, and is publicly supported by Wilfried Martens himself:

1. Cultural, social, and administrative services will be developed by extending the parallel employment networks (CST, TCT, and CMT).
2. "Little jobs" will be promoted by having local agencies bring supply and demand together.
3. Subsidies will be granted for affiliation by small firms when a second worker is hired at a social secretariat.
4. An employment measure called for by the Val-Duchesse plan--retraining for workers on leave of absence, those changing careers, and so on--will be implemented.
5. The aid provided by the European Social Fund will be used.
6. There will be active participation in the European employment policy.

Next there are the measures which are set forth in specific terms:

7. Continuation of the improved "Maribel" for PME [small and medium-sized firms] and of the 5/3/3 system (employers' contributions reduced by 5 percent,



working hours reduced by 3 percent, and a 3-percent increase in additional employment--a "swelling" that inspired our cartoonist Royer [cartoon not included]).

8. Passage of a bill before 31 December to confirm the government's power to refreeze wages to prevent slippage in the competitiveness of firms. Otherwise the government would lose that power on 1 January 1987.

9. Measures to promote employment for the disadvantaged.

10. A selective reduction in employers' social security contributions in exchange for the hiring of "workers at risk" and state assistance for "alternating training."

#### Specifics

That last point is the newest. It means that for 3 years, an employer would be exempt from all employers' contributions (which average 140,000 Belgian francs annually) related to the hiring: 1) of any worker currently reduced to the MINIMEX; 2) any person between the ages of 18 and 25 who has been unemployed for a year; and 3) any jobseeker who has been unemployed for 2 years.

That exemption from employers' contributions would be extended to include the part-time hiring of an individual between the ages of 18 and 25 who chooses to work and continue his or her education at the same time.

In that case, wages would be the employer's responsibility, but the additional training expenses would be paid by the state.

Lastly, the plans call for negotiating a reform of the channels for further training with a view to making them more consistent and effective.

11798

CSO: 3619/12

## CHAIRMAN DEFENDS ECONOMIC COUNCIL'S RECOMMENDATIONS

Copenhagen BERLINGSKE TIDENDE in Danish 14 Nov 86 p 13

[Article by Christen Sorensen, chairman of the Independent Economic Council and professor in economics at Odense University]

[Text] The developments within the Danish economy have of recent years shown many positive features. The fact that, contrary, for example, to Sweden and Norway, we have very clearly experienced the international decline in the rates of wage and price increases has naturally contributed considerably to this state of affairs. It has also had a major positive effect, both directly and indirectly, that, over a fairly long period of time, the international economy was strongly stimulated by the United States, both through the very strong internal increase in demand in the United States and through the prolonged and sharp increase in the dollar rate of exchange. After these positive effects petered out and, as far as the dollar rate of exchange is concerned, were reversed, like most of the other OECD countries, Denmark has benefitted by the declining oil prices (sometimes referred to as OPEC 3).

In analyzing and evaluating the developments of the two classical problems of the Danish economy: unemployment and balance of payments deficit, these circumstances will have to be taken into consideration in the case of a small open economy such as the Danish economy. The fact that the Danish economy has balance problems is nothing new. The balance problem has existed for almost 25 years, and the unemployment problem has now existed for a decade.

The report recently discussed within the Independent Economic Council predicts a sharp reversal of trends within the economy and that the major problems in the coming years will be in the area of unemployment.

The comments on this have, among others, been that we are too pessimistic as far as unemployment is concerned and correspondingly too optimistic as far as the balance of payments is concerned.

Our projections for the unemployment figures and balance of payments deficit figures for 1987 and 1988, respectively, are as follows:

---

	Number of Unemployed (full-time basis)	Deficit on the Current Items of the Balance of Payments
	<hr/>	<hr/>
1987	245,000	15 billion kroner
1988	290,000	4 billion kroner

---

The report points out that these figures, which, as far as the unemployment is concerned, are computed as the difference between the labor force and the employment rate, and, as far as the balance of payments is concerned, as the difference between imports, etc., and exports, etc., are very uncertain, one of the reasons being that the figures are of a magnitude of less than 10 percent of the basic figures. A minor error in the projection of imports will, for example, result in a major error in the projection of the balance of payments deficit.

Apart from pointing out that the above figures are our best projections, the composition of our balance of payments problem, irrespective of its importance in a number of respects, will not be the point of departure for the following.

In its most recent reports, the Independent Economic Council has strongly stressed that the solution to the problems of the Danish economy--relieving the balance of payments deficit and the unemployment problem--may not be expected to come from abroad. Contrary to many other evaluators of business trends, who in the sharp drop in oil prices since December 1985 saw the beginning of another sharp upward economic trend, it is our evaluation that this stimulus to the world economy will prove to be rather restrained and temporary.

This evaluation is, among other things, based on the fact that as a result of their reduced incomes from oil exports, the oil-producing countries will reduce their imports from oil-importing countries very considerably--a trend which already is in progress. At the same time, there is nothing to show that the United States will continue to act as motive power for the world economy. In reaction to the large deficits both of the U.S. trade balance and the U.S. federal budget, the United States has initiated a change in its policy, as a result of which the developments in the demand in the United States will be far less attractive in the coming years. The considerable decline in the dollar rate since the spring of 1985--up to 40 percent compared to EMS currencies--reinforces this trend. At the same time, it does not seem likely that economically strong countries such as West Germany and Japan, both of which have very big balance of payments surpluses, will be ready to take over the role hitherto played by the United States.

The economic problems in Denmark, therefore, will have to be solved by the Danes. This presupposes, of course, that not only the government and the Folketing but also the Danish society in the broadest sense will be aware of the harsh economic realities which will surround us. This is, if anything,

the major message of the part of the report which concerns the economic outlook.

The new report has from various sides been criticized for being marked by a resigned attitude, because it does not contain any concrete plan for rescuing the Danish economy.

To this I shall add the following comments: There is presumably no lack of plans for rescuing the economy. It is assumed that it will be a necessary prerequisite for implementing such a plan to rescue the economy that the realities we are faced with become clarified. This is also decisive for the economic policy measures to be applied. Many seem to be of the opinion that there are quick-action and reliable solutions to the balance problems of the Danish economy, which have been apparent for nearly a quarter of a century. The Independent Economic Council does not share this viewpoint. On the contrary, a prolonged and deliberate effort, based on the economic realities at home as well as abroad, will have to be made.

This having been said, it will also have to be pointed out that as late as in the report of May 1986, we analyzed the magnitude of the demands of the economic policy, in a 10-year perspective via an improvement of the competitiveness which would have to be met in order to solve the problems of unemployment and balance of payments equilibrium. According to the calculations, a solution bringing about balance of payments equilibrium and at the same time reducing the unemployment rate to 5 percent would require an improvement in our competitiveness by 20 percent over a 10-year period. In the May report and not least in the discussion of that report, it was stated that the derived requirements of wage trends might easily prove to be unrealistic. At the same time, however, it was pointed out in the May report that if the improvement in the competitiveness failed to take place, this might very well result in a continuation of the unemployment problem. The report we have just presented, showing the predicted deterioration in our competitiveness by approximately 8 percent in 1986 and 1987, seems to point in the latter direction.

I shall not in this context discuss in great detail why the remedy to solve the problems was not applied sufficiently. A major reason is probably the side effects, in this connection presumably first and foremost the distribution question, which was also dealt with in great detail in the May report.

The reason why the Independent Economic Council has recommended the above-mentioned remedy so strongly is, of course, associated with the fact that it helps remedy the unemployment problem as well as the balance of payments problem. A discussion whether we overestimate the unemployment problem and underestimate the balance of payments deficit problem may very well end up in a discussion of economic policy measures which only remedy one of the ills, where, for example, the balance of payments problem will be reduced at the cost of the employment problem. This choice, which may also be expressed as a choice between employment today and tomorrow, is a political choice.

It is nothing new nor unexpected for us that some would prefer to see the solution to practically everything in every single report. Such a procedure

would invariably result in the main emphasis being put on postulates and not on analyses.

One of our tasks is to seek to look into the future with the risk involved of making erroneous projections. The May report was more pessimistic, as far as the projections were concerned than other prognoses. The reversal did not take place as quickly as we had expected. Seeing that we were of the opinion that we could see it already at the time when we prepared the May report, we prepared a "rescue plan" at the time.

But, as mentioned earlier, there are enough rescue plans to be consulted, and the problems are, of course, not of recent date. The balance of payments problem, as said earlier, has existed for nearly 25 years, and the unemployment problem has existed for nearly 12 years. What is lacking is presumably first and foremost an understanding of the need for a prolonged and deliberate effort, an appreciation of the problems which will make it easier to accept the remedies that are needed.

7262

CSO: 3613/21



## ECONOMIST ON BALANCE OF PAYMENTS, INVESTMENTS

Copenhagen BERLINGSKE TIDENDE in Danish 7 Nov 86 p 17

[Article by Lars Lund, assistant professor in economics at the Copenhagen School of Economics and Business Administration]

[Text] It makes an enormous difference whether the public sector borrows for consumption, as was the case in the years 1979-81, or whether private enterprises borrow for investment purposes, as has been the case in 1986.

In a commentary on 9 October, Jesper Jespersen criticized certain balance of payments viewpoints presented by me in a contribution to the debate in this paper in December 1985. At the time, I answered in the negative to the question of the heading. Since the balance of payments is still the focus of attention in the political debate, there may be reason to examine the question once again.

Unfortunately, the viewpoints I presented may be quite unclear to readers of Jesper Jespersen's commentary. The closest any serious reader may come to my message must be something like the following: Since there no longer is a government finance deficit, Denmark has become a private enterprise, for which reason the balance of payments has ceased being a problem. Interpreted in this way, I find that my contribution to the debate must appear extremely meaningless. However, I do not want to accept that interpretation.

My main point of view was and still is that if a debt is incurred, it is not entirely unimportant to examine the basis for the servicing of the debt. If it is a question of borrowing abroad, these debt service payments can only be met by way of increased exports and reduced imports. That is why it is most desirable for the borrowing abroad to be counterbalanced by private business investments, assuming that these, in general, are based on sound business practices.

If savings and investments are of the same magnitude within the private sector, while there is a savings deficit within the public sector, the situation is undesirable. The savings deficit of the public sector is identical to the balance of payments deficit and Denmark's borrowing abroad, but the activities for



which the public sector borrows will hardly increase Denmark's export production appreciably.

Let us examine the situation where the public sector is in balance, as is the case in Denmark today. The balance of payments deficit and the borrowing abroad will then have to be equivalent to the private savings deficit, i.e. the portion of the private investments that is not covered by Danish savings. One cannot simply claim that this situation is unfortunate, and certainly not, as said by Jesper Jespersen, that it is "a millstone around the neck of the minister of finance." Private investments provide a most solid basis for being able to service the loans abroad. Jesper Jespersen's expression is directly misleading and, at the most, of demagogic value.

I have thus presented my main viewpoint. It cannot be surprising that there may be a need for reservations and modifications; it is not possible to describe reality in such simple terms. Such reservations were made in my two contributions to the debate. Private housing construction counts in the statistics as investments but is not very useful within the export production sector. Investment subsidies, for example, through too favorable terms of depreciation may be feared to result in a too low profitability level seen in relation to the interest that will have to be paid on foreign loans.

Against the background of my main point of view, I wish to examine the concept of the balance of payments problem more closely. Of course, it may always be said to be a problem to owe money. The problem is being able to manage the servicing of the loan. If the public sector incurs a debt, it will be the problem of the taxpayers to service the debt. In the first example above with a public deficit and balance in the private sector, the servicing is a burden to the taxpayers in general. The amounts will be paid abroad, which can only take place through a reduced consumption.

In the second example, where the deficit is within the private sector, the problem is concentrated in the private enterprises which, directly or via intermediaries, have borrowed abroad. The owners of the private enterprises might have a larger consumption while servicing the loans if they had previously saved more. They would then have been able to finance a larger part of their investments. But the price would thus have been a lower consumption in previous years. The decisive point in this example is that the taxpayers in general are not involved, and that the servicing of loans abroad is cancelled out by a larger production, a production which may provide the country with earnings from abroad through increased export and lower import.

In the first example, it is the taxpayer's who have the problem, while, in the second example, it is owners of private enterprises. In the first example, there is no major income to cope with the servicing abroad. There is in the second example. If the citizens in the first example fully realize that the public sector borrows for consumption on their behalf, and that they will subsequently have to repay the foreign loan by way of higher taxes and a lower level of consumption, things probably are all right. However, I do not believe that this is the way it is. To me, it makes an enormous difference whether the public sector borrows for consumption, as was the case in the years 1979-83, or whether private enterprises borrow for investment purposes, as is the case in 1986.

It follows from the viewpoint I have presented that it is important to have an objective for the government finance but less right to have an objective concerning the balance of payments. Here, enormous progress has taken place since I wrote my contribution to the debate in December 1985. At the time, it was said time and again that the objective of the government was a balance of payments equilibrium by 1988. Today, the government wants more imprecisely to increase savings, both within the public and private sectors. Strange though it may sound, I believe that this is far better. All the talk about a balance of payments equilibrium is Danish nonsense. Is there any periodical, for example from the International Monetary Fund, that would recommend an industrialized economy which has free trade with foreign countries and free lending to and from abroad, to have a balance of payments equilibrium?

This having been said, I want to stress three factors which, at least indirectly, may cause a greater interest in the balance of payments question. First, the Danes save very little, which is pointed out in the debate time and again. Actually, the situation is such in the last few years where private investments have become quite large that they have been financed for almost 100 percent from abroad.

The entire normal interest payments on the expansion of the production apparatus are thus made abroad. At least from an emotional point of view, many people do not like this. From a realistic point of view, it may be ascertained that the Danes (marginally) are salary and wage earners and entrepreneurs, but they are not capitalists. One only becomes a capitalist by saving.

Second, there is reason to consider whether the entire public debt ought not to be repaid. Prior to 1977, the public sector had no net debt whatsoever. The total debt of the public sector today (less holdings of social funds) of approximately 300 billion kroner is largely equivalent to Denmark's foreign debt. Is it right for the generations which have incurred this debt to leave it unpaid and thus to place the interest burden for an indefinite period of time on the coming generations? If the answer is No, the conclusion is obvious: In the coming years, large surpluses will have to be created in the government finances. This would clearly contribute to a lower balance of payments deficit and perhaps a balance of payments surplus, but, according to the viewpoints adduced here, the objective should concern the government finances and not the balance of payments. The eventual balance of payments position will have to adapt to the savings and investment conduct within the private sector.

Third, the policy of the public sector, especially within the area of pensions, throughout the last two decades has greatly influenced the savings conduct of the citizens. Especially since the public sector to an overwhelming degree has taken over the care of the elderly, the incentive to save has dropped correspondingly. It may be argued that the capital building which has been lacking in this way ought to be counterbalanced by capital building within the public sector. Actually, the public sector ought today to have large holdings of shares in Danish, German, American and other countries' enterprises, thus the exact opposite of the net debt situation in which the public sector today finds itself. The desire for such capital formation on the part of the public

sector is reinforced by the fact that the population at the turn of the century will comprise a considerably larger number of pensioners than is the case today. Here, the desirability of a surplus in the government finances, or perhaps even major surpluses, is stressed once again.

7262

CS0: 3613/21

## TOP BUSINESS LEADERS TO MOSCOW FOR JOINT VENTURE TALKS

## Return Visit Invitation Immediate

Helsinki HELSINGIN SANOMAT in Finnish 20 Nov 86 pp 3, 30

[Article by Jaakko Hautamaki and Kustaa Hulkko]

[Text] Top Finnish businessmen are being hastily brought together for speedy negotiations next Tuesday in Moscow.

Composed primarily of directors of big companies, the delegation has been invited to, among other things, discuss with Soviet foreign trade officials Finland and the Soviet Union's possibilities for increasing trade through joint venture companies.

During the negotiations they also intend to discuss other Soviet trade problems of current importance.

As far as is known, the Finns received the invitation to visit Moscow on Wednesday, after which they hurriedly set about putting together a delegation of business leaders. As late as last night it was uncertain as to what kind of delegation would be gotten together. The working out of the details of the trip will probably be settled today.

Wartsila's Tankmar Hern, who should be returning from Moscow as soon as Tuesday, will serve as the head of the delegation. He has, however, postponed his return to Finland.

The Finnish Embassy in Moscow did not wish to comment on Wednesday on the invitation received from the Soviet Union.

Joint venture collaboration with the Soviet Union was last raised for discussion during Soviet number-two man Yegor Ligachev's recent trip to Finland. When Ligachev returned home, officials there were immediately assigned the mission of inviting top Finnish businessmen to engage in negotiations in Moscow.

During the negotiations they will probably go over the details of joint venture projects in detail, among others debiting Finland with profits.

Foreign Trade Minister Jermu Laine may also participate in the delegation's trip in addition to the business leaders.

Regular trade negotiations at the level of trade officials will also begin in Moscow next Monday. In addition to this, director Pentti Unsivirta will also travel to that city as the Bank of Finland's representative.

#### USSR Pushes Joint Ventures, Two Top Leader Delegations Leaving for Moscow

Next week two high-level delegations invited by the Soviets will be leaving Finland for Moscow.

On Tuesday a delegation of over 10 top business leaders, whose purpose is to explore the possibilities for establishing joint venture companies, will be leaving for Moscow. In connection with this, an agreement on the Kola project will be signed.

Another delegation of business leaders headed by Foreign Trade Minister Jermu Laine will be traveling to Moscow on Thursday. Laine's five-man delegation will include four other members. They intend to engage in negotiations until Friday. As far as is known, the delegation will meet with Soviet First Deputy Chairman Nikolay Talyzin, among others.

A number of Finnish firms received a surprise invitation on Wednesday to visit Moscow. The invitation was extended by the Soviet Embassy in Helsinki. The invitation came as a surprise to Finnish trade officials.

The alerting of Finnish business leaders to go to Moscow on short advance notice is the fruit of CPSU Central Committee Secretary Yegor Ligachev's trip last week. Ligachev visited in Finland as a guest of the Social Democrats.

Joint ventures were raised several times in the discussions during his visit. Last Friday joint ventures were discussed at a small idea session organized in Tampere.

United Paper Mills general manager Niilo Hakkarainen, Finnair general manager Gunnar Korhonen, Forest Industry Association director Matti Pekkanen and EKA Combine general manager Eero Rantala participated in the discussion as Finnish experts.

Before Ligachev's return, it was agreed that the Finns and Soviets would shortly meet to consider the matter. Ligachev promised to invite the top Soviet experts to participate in the discussions.

When he returned to Moscow, Ligachev expedited the matter so quickly that the invitation to engage in joint negotiations reached the Finnish business leaders as early as Wednesday.



They will also be engaging in the regular trade negotiations at the official level on trade between Finland and the Soviet Union next week in Moscow.

#### Just Now Learning About Joint Ventures

Tens of joint venture projects between Finland and the Soviet Union are up for consideration. We may enter on the list of those farthest advanced in negotiations at least Finnair, EKA and Enso.

The company general managers preferred not to talk about unfinished business but, nevertheless, assured us that "the projects will certainly yet come into being at some time." For decades the assertion that "several interesting projects are under consideration" been part of the claptrap we have been fed.

Nokia is also exploring the establishment of a joint venture. At Nokia they believe that there is clearly a realistic basis for the venture. The company does not speak of a timetable since legislation governing it is still in progress and detailed calculations on its profitability have not yet been worked out.

The company managers are very uncertain about the details of the joint venture plans before their trip to Moscow next week.

A joint venture generally means a joint project between firms of two countries. The partners agree on, for example, basic capital, management and the distribution of profits and losses.

Joint venture collaboration only got off to a start in the fall. According to Finnish Soviet trade experts, Soviet foreign trade officials have made "hundreds" of proposals for joint ventures "round the world." The Soviets are right now looking for a clearcut way to engage in ventures and there are heaps of open questions.

#### Some Are Already Far Ahead

Japanese who are engaged in trade with the Soviets say that the West Germans are farthest advanced in their joint venture projects, the West Germans say that the Japanese are farthest advanced and everyone says that the Americans are far advanced. No one knows who is far ahead, but a few big international companies are probably far ahead. Finns are primarily irritated by the fact that they have not gotten very far in their negotiations.

We Finns have just barely had time to get used to, for example, the idea of compensation projects which are obviously probably fairly simple projects for Finnish firms that have built up an international marketing network.

The Soviet partner's interest in new ideas has begun to bother companies engaging in the Soviet trade a bit. Now Soviet trade delegations have received the order from the central leadership to push joint venture projects. They have just simply announced to company managers that they will now engage in some sort of joint venture.



It may be that the Soviet partner has in mind at this juncture only some sort of market research. At least a number of desirous souls are looking into a round of offers.

Joint ventures are not included in clearing trading. They would not solve the problem of the current imbalance in the Soviet trade. The Soviet Union would under no circumstances be able to pay billions in accounts receivable which it owes Finland with the aid of joint ventures.

This much about the terms we do know: that Finnish companies can hold at the most a 49-percent share of the capital of a joint venture. A company can return its profits to Finland in hard currency. It is, however, responsible for its proportionate share of a loss. The general manager for a joint venture would come from the Soviet Union and the technical management from Finland. In addition to an industrial company, it is also possible to establish a joint venture in a service industry.

#### Soviet Model Is Reminiscent of Leasing

There has already been time for criticism of the preliminary model proposed by the Soviet Union to be generated. The Soviet Union is proposing a model which, in the Finns' opinion, is very much reminiscent of a leasing arrangement, the leasing of production equipment and fixtures. So they would provide the walls and the basic economic structure and we Finns would provide the production machinery. In addition, the expertise required to control the machines and equipment as well as the production process would come from the Finns.

The Finnish company managers may ask next week in Moscow: How will we actually market these fruits of our joint ventures?

The Soviet partner could buy up the entire production with money, in which case the payment for the leasing arrangement would be made in convertible currency. Another alternative would be for the Finnish partner to market his own share, a proportionate share of the products. It would in principle be possible too for a Finnish company to also market the Soviet partner's share for appropriate compensation.

Joint ventures have gotten to be of current importance precisely this fall since the Soviet economy is now otherwise going through an acceleration phase. The Soviet Union is constantly reforming production and enacting new laws governing distribution.

It is a question of money in a very matter-of-fact sense also. Joint ventures would be in the habit of buying in installments what has become too costly to buy all at once.

The matter is also an urgent one. Within a year's time the Soviet Union has lost a third of its foreign exchange revenue. The price of oil has collapsed, the rate of exchange of the dollar has declined and the other Western currencies have proportionately risen in value.

A year ago the Soviet Union obtained a given machine, for example, for 100 tons of oil, which is the chief "convertible currency" in the Soviet Union. Because of the price of oil and changes in foreign exchange rates, 400 or 500 tons of oil are now required to do that.

#### Small CEMA Countries Ahead of USSR

The Soviet Union is now proposing to the Finns terms under which the Finnish partner would be obligated to assume the risk for losses as the lessor.

The Finns do not feel the same way about it. In their opinion, Finnish machine tenders will not occupy key positions in producing results, but will be lessees. In Finland the renter of a leased machine does not say to the lessor: Would you assume responsibility for part of the losses?

The Soviets interpret the matter differently. They consider the venture to be "joint" in this respect, that is, a joint venture, although it is otherwise hard to find "venture" in the Western sense of the word in the terms they are proposing.

Joint ventures in the small CEMA countries at first ran into the same problem: The host country tries to its utmost to minimize the risk and to shift it to its Western partners. In, for example, Yugoslavia and Hungary they have now learned to work more flexibly with Western companies and have given up striving for maximal protection, "bottle feeding."

There are hundreds of joint ventures in Yugoslavia and now tens of them in Hungary.

Numerous joint ventures are in operation in China too. There the idea of joint ventures is understood in a very capitalistic way.

The Soviets have been engaging in similar negotiations on collaboration with the Swedes since last spring. In these negotiations the veil of secrecy as concerns joint venture collaboration has cleared, at least somewhat. The model proposed to the Swedes is reminiscent of the proposals presented to the Finns. The words "lessee" and "lessor" crop up frequently in the draft of the agreement.

#### Forest Industry Collaboration Discussed

Helsinki HELSINGIN SANOMAT in Finnish 22 Nov 86 p 37

[Article by Mikko Eronen: "Pekkanen and Hakkarainen Meet with Talyzin; Forest Industry Joint Ventures Under Consideration"]

[Text] Moscow—Nikolay Talyzin, the chairman of the Soviet State Planning Committee, will negotiate with the Finns in Moscow on Saturday on joint forest industry projects.

The director of the Forest Industry Association, Matti Pekkanen, and United Paper Mills general manager Niilo Hakkarainen arrived in Moscow on Friday and have already had time to discuss matters with Wood Processing Industry Minister Mikhail Busigin.

So far, no information on the substance of the discussions held with Talyzin on Saturday has been obtained other than that in them joint venture companies were also dealt with. At a press conference on Friday Talyzin said that several joint venture projects are under consideration with Finland, one of which is a cellulose plant project.

Both Pekkanen and Hakkarainen were present at the discussions in Tampere last week that were engaged in with CPSU Central Committee "number-two secretary" Yegor Ligachev, who was on a visit to Finland. During the discussions they indeed spoke about joint ventures.

In Moscow they are probably right now talking about both the development of a new wood processing industry and replacement of the old processing plant machinery. In connection with this, the cellulose plants located on the shores of Ladoga, which have seriously polluted the lake for decades, have recently become a source of irritation. Minister Busigin has received his share of the sharp criticism of them.

Even before this, there have been negotiations between the Finns and the Soviets on renovating the plants.

The discussions with regard to joint ventures will continue on a broader front next week when a delegation of industrialists arrives from Finland right at the beginning of the week and at the end of the week another delegation, headed by Foreign Trade Minister Jermu Laine, will be arriving. Laine will discuss matters with Talyzin and Foreign Trade Commission chairman Vladimir Kamentsev, among others.

#### Joint Venture Heading Lacking in Plan

Joint ventures will just not yet play a role in the Soviet Union's economic plan for next year. "Their role in our national economy is still so minimal that they do not even have a heading of their own in the plan," Talyzin said.

On the basis of this, the Soviets' sudden haste to deal with joint ventures is more and more confusing, something which Finnish Soviet traders are surprised at too. The economic commission representing both countries usually handles such long-range matters. This time a Soviet trade delegation has directly contacted the companies.

The Soviet Union has, however, entered into discussions on joint ventures with several countries. Among them are, in addition to Finland, Japan, West Germany and Sweden. It is already involved in joint ventures with Poland and Bulgaria.

Talyzin said that the Soviet Union wants to develop two kinds of joint ventures, jointly funded and without joint funding, on Soviet soil as well as in other countries, depending on the agreement.

People have attempted to explain why the Soviet Union is in such a hurry to enter into joint ventures right now, claiming, for example, that it is because it has lost its oil revenue this year and now wants to ensure procurement of machines and other capital goods from the West by other means.

Talyzin, however, assured us on Friday that the Soviet Union has been able to make up its oil revenue deficit this year by increasing the volume of other exports to the West. "We haven't had to change our overall foreign trade objectives because of the drop in the price of oil," he noted.

Talyzin has known us Finns for a long time now and he has more than a commercial interest in Finland. He is, after all, the long-term chairman of the USSR-Finland Society. As early as when he was minister of communications, he concluded agreements on data communications equipment sales with us Finns.

11,466

CSO: 3617/28

## DECLINE IN COMMERCIAL DEFICIT REPORTED

Lisbon DIARIO DE NOTICIAS in Portuguese 4 Nov 86 p 5

[Text] The deficit for trade between Portugal and foreign countries came to 193.3 million contos for the first 8 months of this year, down 17 percent from the figure for the comparable period in 1985, the official statistics announced today revealed.

INE data on foreign trade for the period between January and August of this year indicates that the value of Portugal's purchases abroad went up only 1.9 percent, while sales showed an increase of 8.8 percent as compared to the same period last year.

The value of Portuguese imports from January to August of this year totaled 884.1 million contos and the figure for exports was 690.8 million.

The rate of coverage of exports by imports was 78.1 percent, higher than that calculated for the comparable periods in 1985 (73.2 percent) and 1984 (64.2 percent).

The increases in imports and exports in U.S. dollars were 17.6 and 25.7 percent, respectively, while the deficit declined by 4.6 percent, the Statistical Institute further announced.

In trade with the EEC countries, the Portuguese balance showed a deficit of 40.4 million contos (as compared to 5.6 million in 1985), resulting from imports totaling 505 million contos and exports totaling 464.6 million.

According to the INE, the deterioration in the negative balances with Spain (47.6 million contos in 1986, 32.4 million in 1985), Italy (43.9 million as compared to 19.4 million in 1985) and the FRG (17.8 million as compared to 10.9 million in 1985) basically contributed to this negative development in the trade balance with the 11 EEC countries.

5157  
CSO:3542/18



## TIGHT MONETARY POLICY TO BE PURSUED

Madrid EL PAIS in Spanish 15 Nov 86 p 44

[Text] Madrid--The Economy Ministry has ordered the Bank of Spain to tighten its monetary policy so that control of the money supply helps hold down prices. Its goal for 1987 will be to reduce the growth rate of the money supply from 11 percent to 8 percent, the midway point in its target range of 6.5 to 9.5 percent. Although funds from overseas will expand the money supply even more than in 1986, public sector borrowing will be more restricted than private sector borrowing.

The news that "the economy and finance minister has given instructions to the Bank of Spain" to achieve these goals was disclosed yesterday in Pamplona by the secretary of state for the economy, Miguel Angel Fernandez Ordonez, as he closed a several-day seminar for treasurers. He also outlined government borrowing policy for 1987.

According to the text of Fernandez Ordonez's address, "there can be no reduction of inflation" (which he said "in the worst of cases" would be nine percent this year, one point over the government's goal) "without wage restraint, without a tight monetary policy, without the loosening up and opening of the Spanish economy and without a stable exchange rate."

The number two man in the economic sphere admitted that the 8 percent increase in the money supply, in a bid to cut the inflation rate from its current 9.5 to 5 percent, could "suggest to some" that monetary policy "is going to be highly restrictive." He indicated, however, that "it will be restrictive only if the economic agents" (which is how economists refer to labor, capital and government) "stray from this goal with their conduct."

The money supply, which is currently a measure of so-called liquid assets in the hands of the public (known as "alpes" in financial jargon), is influenced by funds entering the country from overseas and by funds earmarked to finance the public and private sectors. The first two are always harder to control because one is determined by foreign trade and the other by the budget deficit, which entails cutting back on credit for the private sector unless the Central Bank pursues an "accommodating" monetary policy as in the past 2 years. In spite of the heavy amounts of money coming from the foreign and public sectors, the monetary authorities, to the displeasure of some



conservative financial and political quarters, have sought to lower interest rates more than to keep the money supply towards the bottom end of the target range.

#### Concern Over Trade

Fernandez Ordonez announced that in 1987 we can expect "a climate conducive to falling interest rates" as well as a shift of funds away from liquid assets into corporate notes and medium- and long-term debt. Nevertheless, he explained that since the balance of payments will still post a large surplus, foreign exchange reserves would increase by another \$2 billion (some 270 billion pesetas) and money coming into the system from abroad would be up by 21 percent, compared to the 20 percent expected for 1986. If the new goals are achieved, public sector borrowing will be slashed the most, as its rate of growth will have to drop to 10 percent from the 17 percent that is expected by the end of the year (it stands at around 23 percent for the first 10 months of the year). Thus, the private sector would be getting an increase of 7.3 percent, against the 8.7 percent expected for 1986 (it was up to 12 percent during the summer, but the sluggish economy in September and October pushed it back down to 8.5 percent for the first 10 months of the year).

The state secretary attributed the smaller increase for the private sector to the fact that in 1986 the early amortization of loans to avoid exchange risks or save on interest rates has dictated faster growth of bank credit to the private sector than it estimated for 1987. Whereas in 1986 companies will repay a net \$3.6 billion in overseas loans, the government is hoping that during the next fiscal year early loan repayments will drop from \$3 billion to \$1.5 billion, which would leave the net at \$1.25 billion. Without these distortions regular lending to the private sector will decline only from 6.9 to 6.7 percent from this year to next, but with lower inflation.

In conclusion, Fernandez Ordonez cautioned against "insouciance" in setting prices and profit margins and in wage negotiations. Otherwise, he said that "we could see bigger price increases, lower output and a slower increase in employment."

8743

CSO: 3548/25

## FIRINGS UP, LAYOFFS DOWN IN 1985

Madrid YA in Spanish 3 Nov 86 p 12

[Text] Madrid (YA and EFE)--The number of workers fired under the employment regulation applications authorized by the General Directorate of Labor and provincial directorates increased from 68,900 in 1984 to 74,766 in 1985 (60,406 men and 14,370 women).

The Labor Ministry indicated that industry was the sector hardest hit by these applications, with 53,383, followed by services with 13,669. The breakdown by branches shows that the most firings were in metal processing (9,716), construction (6,241) and the textiles (6,262).

The total number of employment regulation applications processed by the labor authorities last year rose to 16,168, of which 14,695 were approved, 955 rejected and 248 withdrawn.

Agreements were reached in 11,857 of the approved applications (4,689 firings, 6,015 layoffs and 1,153 reductions), whereas agreements were not reached in just 3,108 (1,087 firings, 1,889 layoffs and 122 reductions).

The number of workers affected by these applications rose to 627,177 (723,851 in 1984), 593,394 under approved applications (694,683 in 1984), 27,017 under disallowed applications and 6,776 under withdrawn applications.

As far as the approved applications were concerned, the proportion of male to female workers affected was 5 to 1 (500,176 and 93,218), and the hardest hit sector was industry with 8,007 applications approved, 217 fewer than the year before.

Once again, more industrial workers were affected than those in any other sector, 496,355 out of the total of 593,394, below the 608,158 in 1984. Layoffs affected 362,351 workers, compared to 407,453 in 1984, mostly in industry (289,003) and in services (42,411).

Reductions affected 156,267 persons in 1985 (153,969 in industry), compared to 218,240 the year before. Layoff days under these applications totaled 29,220,000 last year, as against 34,083,900 in 1984. If the comparison is

done on an individual level, each worker was laid off for 85 days in 1985, 1 day less than in 1984.

The number of reduced work hours in 1985 totaled 51,050,700 (327 per worker), compared to 78,203,200 the year before (358 per worker). Of the 14,965 applications that were approved, 9,843 were for small firms (fewer than 25 employees) and just 307 for large companies (more than 5,000 employees).

This ratio is reversed when the number of workers is considered; of the 593,394 workers affected in all, 162,714 worked for companies with more than 5,000 employees and 68,801 for companies with a payroll under 25.

8743

CSO: 3548/25

## BANESTO REPORTEDLY TO REINVEST PROFITS FROM 1986

Madrid DIARIO 16 in Spanish 6 Nov 86 p 17

[Article by Fernando G. Urbaneja and Jose A. Sanchez]

[Text] In 1986, for the first time in its history, the Banco Espanol de Credito (BANESTO) will show a zero on the bottom line of its profit and loss statement. All regular and supplementary profits will be earmarked for the group's financial reorganization. BANESTO will allocate 80.589 billion pesetas in all to make up the Garriga Nogues shortfall. Nevertheless, shareholders will receive a dividend identical to last fiscal year's, 63 pesetas a share, charged to the institution's reserves.

Madrid--BANESTO will be the second major Spanish bank to show a zero on the bottom line of its profit and loss statement for a fiscal year. Hispano did so in 1984 when it earmarked all of its profits, almost 30 billion, for financial housecleaning.

In 1986 BANESTO will allocate 80.589 billion pesetas for financial housecleaning, 48.88 billion in regular profits and 31.709 in supplementary earnings from the sale of assets, mainly corporate stock.

But BANESTO will not be the second major Spanish bank to leave its shareholders without a fiscal year dividend. The bank's stockholders will receive 63 pesetas a share, against unimpaired reserves, in fiscal year 1986.

The executive vice president of BANESTO, Jose Maria Lopez de Letona, who took the post 7 months ago, yesterday sent a letter to all shareholders and appeared at a press conference at which he explained the financial housecleaning measures that the Board of Directors had agreed on at its most recent meeting on 29 October, measures that have the approval of the monetary authorities.

## Solutions

Lopez de Letona, who appeared by himself in front of a table with a vase, a pitcher, a glass of water and some file folders, fielded questions from some 50 newsmen after briefly outlining the problems that PANESTO "had" and the solutions that were adopted.

The following is the list of BANESTO's minor problems that Letona gave, from the least to the most important:

--Madrid Cadesbank: Required major financial efforts by the Guarantee Fund, the Bank of Spain and BANESTO itself. The problem has already been resolved and will not require special outlays.

--Agroman: BANESTO's heavy exposure in the construction firm has been recycled in such a way that Agroman is undergoing a major financial housecleaning and BANESTO is shoring up its exposure there. The 34 million in loans to Agroman have been slashed to 17 billion as active [vivo] credit.

Of the remaining 17 billion, 8 billion has been converted into capital and the rest into purchases of company real estate assets.

--Isodel: BANESTO has written off the 3.5 billion that it lent to this company, in which it has a 7.5 percent direct share and up to a 26 percent indirect share. Letona noted that the company is unlikely to survive without a partner who can bring in technology and management expertise.

--Coca: BANESTO has 22.784 billion pesetas in net loans outstanding to the Coca family and its group of companies. To guarantee repayment of this amount, BANESTO has attached Coca assets (2.1 percent of BANESTO shares, which are worth some 4.4 billion today), real estate and organizations such as Los Monteros and Incosol, which according to Letona cover at least three-fourths of the exposure.

--Pension Fund: Under the new Bank of Spain regulations on reserves to cover pension fund exposures, BANESTO must put together a 26 billion peseta fund before the end of 1987. Some 8 billion will be charged to 1986 accounts, another 16 billion to 1987 and the remaining 2 billion is already in place from preceding years.

#### Bottom Line

--Garriga Nogues Tierras de Almeria: Lopez de Letona referred to this as BANESTO's number one problem, saying that it has dictated a major "purge" that has led to the freezing of dividends over the past 2 years.

It was made clear at the meeting that Garriga has been Letona's main headache during his 7 months as a top BANESTO executive. As he had announced in an interview that DIARIO 16 published recently, he yesterday disclosed the definitive estimate of Garriga losses: 73.797 billion pesetas.

A reorganization totaling 17.52 billion, charged to Garriga itself and to BANESTO, was undertaken in 1985; action is still pending, therefore, on 56.277 billion.

In this regard, Letona emphasized that "prudence and BANESTO's traditional fine management have enabled it to undertake the necessary financial reorganization all at once." Throughout 1986 BANESTO has pursued an intensive

policy of disinvestment or profit-taking, which has enabled it to post supplementary earnings of 31.709 billion. With this amount, plus the 48.88 billion in regular profits, the bank can undertake the reorganization.

Now that this fiscal year is over, Letona pointed out that bank technicians have conservatively estimated that it would post regular earnings of almost 50 billion in 1987, plus another 10 billion in supplementary earnings, which will yield a before-tax profit of close to 30 billion.

Thus, after the profit and loss statements for 1986 have been approved, BANESTO's own funds will be down 8.1 billion.

The resulting figure does not fully meet the required liquidity ratio, which means that authorization will be needed from the Bank of Spain to pay out dividends.

Letona emphasized that BANESTO's portfolio profits are estimated today at 45 billion pesetas and that the bank's performance has been satisfactory. Therefore, once the major 1986 reorganization has been completed, the uncertainties over the bank's future profitability should vanish.

8743

CSO: 3548/25



## III CORPS EXERCISE INVOLVES REGULAR, RESERVE, FRENCH UNITS

Bonn HEER in German Oct 86 pp 2-4, 37

[Article by Peter E. Uhde and Andreas Alt: "Main Remains Mine"; first four paragraphs are HEER introduction]

[Text] The III Corps and the Southern Territorial Command conducted the exercise entitled Franconian Shield. During the final week of September, 58,000 soldiers of the field and territorial army, including 5,000 Americans, 3,500 Frenchmen, and a Belgian contingent, participated in the national combat exercise in Lower Franconia and northern segments of Baden-Wuerttemberg. The exercise was intended to demonstrate the status of training, the leadership capability, and the action readiness of the participating staffs and troops.

The assault group "Red" was made up of the 5th Tank Division (Diez), a French combat unit at brigade strength, the 251st Airborne Battalion, and troops of the corps. The 12th Tank Division (Veitshoechheim), American elements, the 26th Airborne Brigade (Saarlouis), and the 54th Home Guard Brigade (Trier) represented the "Blue" defenders. The 2d Armored Infantry Division (Kassel), the 27th Airborne Brigade (Lippstadt), the 15th and 34th Tank Brigades (Koblenz), and the 56th Home Guard Brigade (Neuburg) took care of the guests and the press and ran the exercise and provided umpire services.

Fourteen thousand wheeled vehicles of all types available in the Army, 3,400 tracked vehicles, including Leopard tanks, M-1, M-48, and M-60 tanks, AMX-30's, as well as 250 aircraft were committed in the exercise area. Air assault and reconnaissance forces of the NATO Air Forces are dissipated in the combat exercise within the framework of operation Cold Fire. The exercise began with a period set aside to prepare the staffs and troops, as well as to take on reservists. More than 12,000 individuals were assigned to mobilization through components.

In addition to training and extended training and the rapid bringing about of defense readiness as well as operations command and control under combat conditions, the cooperation of the field and territorial army, the command of large-scale allied components, as well as cooperation with civilian authorities were the focal points of the Army exercise. The exercise was commanded by Lieutenant General Karl Erich Diedrichs; Defense Minister Woerner and Lieutenant General von Sandrart, Army inspector general, visited the troops.

"Red land" attacks in the early morning of 22 September across the land border which is presumed to run along a line from Fulda to Bad Kissingen to Schweinfurt, in a southwesterly direction aiming for the Main River crossings between Gemuenden and Wuerzburg. "Blue land" immediately launches a delaying action in order to break the enemy assault tempo and to provide sufficient time for its own components to establish a defense.

"Red" tries to use an airborne landing in a surprise move to take the Main River crossings. The "Blues" which are stationed at the bridges smash this assault. On the other hand, "Red land" succeeds with an operational airborne landing in establishing a bridgehead far in the rear of the defenders between Heilbronn and Eberbach on the Neckar River. "Blue land" commences the 54th Home Guard Brigade, brought up from the depths, in order to mop up this assault in the rear corps area.

On 24 September, "Red" continues its assault on the Main River in the area of Wuerzburg to the east of the Gramschatzer Forest. In so doing, the "Red" components manage to break through into the "Blue" positions near Arnstein. However, this success cannot be continued until the Main River crossings are lost. "Blue" organizes its defense successfully and launches a counterattack with forces freshly brought up to the battlefield. Following the successful employment of the components, Army exercise Operation Franconia Shield is concluded on the afternoon of 25 September.

Armored infantryman Holder Jakob lies in the shade of a hedge with his rifle in firing position, using the folded two-man inflatable boat in its olive drab plastic sack as a support. A few minutes before he had crossed the Saale River near Hammelburg with the dismounted elements of the 3d Company under the leadership of Staff Sergeant Siegfried Meister and was now securing the bridgehead. The Marder vehicles of the 131st Wetzlar Armored Infantry Battalion are still standing on the other side of this river and are holding the enemy down below Saaleck Castle.

Since the beginning of the exercise, the soldiers have had no rest and have been in the assault mode continuously since leaving the staging area. Machine gunner Peter Kalembe has brought his weapon into position on the other side of the road. The graduated student from Rastatt has been a soldier since July and is now required to be part of the maneuvers. "Actually I thought things would be worse. Until now, things have been so-so, even though the maneuvers appear to be somewhat unreal to me." He feels like many others. It is not always easy to handle the command connections pertaining to the combat situation, the interventions on the part of the umpires, the vehicles with white-and-green crosses, the civilian traffic, the air traffic of all types, interruptions in the exercise, and losses, and place all these in the proper order within the events surrounding the exercise so that individuals, groups, or entire platoons can gain understanding.

NCO Holder Schmidt's bridge-laying tank is standing at the entrance to the community of Diebach. Together with Private 1st Class Ulrich Heinz, he tried to place his Biber in such a way as not to overly interrupt rush-hour traffic.

Their intended commitment is on the Saale River. Details are not yet known. They can bridge a distance of 20 meters. Staff Sergeant Hauke Beckmann has an engineer tank ready to secure the support.

The waiting soldiers belong to the 130th Armored Engineer Company and support their own brigade. On the other hand, NCO Gerd Trein from the 150th Armored Engineer Company from Koblenz has been assigned with his vehicle to the French combat component. At a parking pullout along Highway B-19, north of Werneck, he is waiting, together with an equipment detail from the 5th Engineer Battalion, which has also brought along a bridge with its flatbed trailer. They are waiting for events to develop. The Frenchmen are still conducting reconnaissance near Muehlhausen. There, they are planning a crossing across the Wern River. For Trein, this subordination is something totally unusual. He becomes impatient because he does not know what is actually happening.

Five kilometers further south, a French armored company is fighting for Essleben with their AMX-30 tanks. For Hubert Stark, the French first lieutenant, umpires are something new. In his Army they are unknown. Nevertheless, the Alsatian has no problem in conversing in German with NCO Peter Liesenfeld.

Between Bad Kissingen and Schweinfurt, in a forest near Pfersdorf, 24 bakers of the catering company of the 1st (FR) Armored Division provide their soldiers with fresh bread daily. The field bakery, which is equipped like a large-scale enterprise, produces 1.5-2.5 tons of product every night.

French Private 1st Class Luc Cierpialla describes the operation: "Make fire toward 1800 hours, at the same time 100 kg of flour, 50 liters of water, some yeast and salt are added into a large mixer. Twenty minutes later the dough is put in pans. Some 50 loaves are then baked in both ovens of a stove for 1.5-2 hours." The bakers must work hard until midnight. The military units come for their bread early in the morning.

The small company of the division from Trier, which, in the eyes of the Frenchman, is one of the most important, can use its 16 ovens in case of need, working around the clock, to produce 20 tons of bread a day. This is important, according to Cierpialla "because we say: a soldier can run on bread and water--and on cheese and wine," he adds with a smile.

This is the first time the Frenchmen have participated in an Armywide exercise. The will for good cooperation exists on both sides. Many experiences will be taken back home. Next year, for the first time, components of the Rapid Action Force (Force d'Action Rapide) are to participate in Army exercises in southern Germany. "France is clearly demonstrating its political will in this manner of participating in the NATO defense as far forward as possible," as was emphasized by Federal Defense Minister Manfred Woerner at a press conference in the barn of farmer Karl Mehling in the community of Himmelstadt.

Before Woerner invited journalist questions on his birthday, he spoke with soldiers of the 126th Motorized Infantry Battalion, all of whom were reservists such as Private 1st Class Klaus Hoffmann. He was called up for a military

exercise for the first time after 5 years. His battalion mobilized at the Wallduern support point and is now here engaged in protecting the Main River bridge.

Things are happening at the command post in Schule. The mood is good even though there is some griping about the food. There was simply too little planned in the overall catering plan. "One cannot fight only with marmalade in the belly," opines one of the men of the reconnaissance group which stayed overnight. It is the little things which make themselves felt as being unpleasant. The S-4 was no longer able to provide cleaning rags, wrapping paper, and drinking mugs. The active troops have it better.

The 2d Company had prepared the minister's visit. Farmer Mehling's yard is swept. Straw bales are in the barn as seats, a wildflower bouquet is ready as a birthday greeting. Captain Harald Textor, who is a senior forestry commissioner in civilian life, organized a wind instrument section involving civilians and soldiers quickly.

The first people to whom Woerner speaks are both soldiers on sentry duty. Their combat position is well concealed in the plowed field. Private 1st Class Klaus Fischer handles the machine gun and NCO Georg von Schierbrandt has a rifle in firing position.

During Woerner's visit, training at three stations--Milan, rifle, and machine gun--is interrupted. Hans Liebermann, the battalion commander, presents the minister a green beret for his birthday. The minister puts it on and is now a motorized infantryman. Following the military, the farmer is able to present his best wishes on the occasion of the birthday. Some applejack and fresh bread are offered. Next comes the defense committee chaired by Alfred Biehle, in whose election district Himmelstadt belongs.

During the concluding press conversation, there were questions regarding the reservist concept. In Operation Franconian Shield, barely two-thirds of those called up turned up. This is causing some concern to those responsible. Woerner emphasizes the significance of reservists and particularly points to future years in which they will become even more significant in the Army. In this regard, he finds that Lt Gen Hans-Henning von Sandrart, inspector general of the Army, agrees with him.

NCO Reinhold Wilhelm, a codriver of a 5-ton vehicle of the staff and provisions company of the 141st Armored Battalion, was serving his 18 months' military service at the time of the Cuban crisis--in other words, 25 years ago. The 45-year-old electrical technician was called up again for the first time--surely this is an exception. The company sergeant, Senior Sergeant Hans-Christian Lemor, considers this to be an example of the problems involving his reservists.

He had requested 113 for the purposes of this exercise; only 57 turned up. Lemor lists the reasons quickly: some were sick, some indispensable, some claimed personal hardships, or were certified as being sick on the day of the callup by the staff doctor. Many were probably unable to leave their workplaces, Lemor suspects: "Shortly before the beginning of the exercise, the



holes in my plan became so big that some of the vehicles could not be moved. That is why I had to put long-service NCO's aboard 5-ton vehicles."

It is likely that Wilhelm was improperly called up on the basis of a computer error. The company sergeant had requested a medical orderly (Sanitaeter), but Wilhelm was an ambulance technician (Sanitaetstechniker) and had never in his life applied a bandage. Lemor thinks that too many different qualifications are listed under the same military occupation specialty (MOS).

The command post of the 2d Company of the 740th Military Police Battalion is in the process of being inspected. Colonel Gerhard Trampusch lets himself be briefed on the situation, asks about problems and needs. Patrols of the company are deployed at the most varied locations. "Cooperation with the police is outstanding," emphasizes Trampusch. Their liaison commands and components are deployed all the way through to brigade level. During the buildup phase, close cooperation was recorded with regard to French and American military police units.

Independently of the Army exercise, training exercises and demonstrations attest to the action readiness of the Army. At Fahr, near Volkach, engineer troops are demonstrating water maneuverability and at the troop training facility at Hammelburg an armored infantry company is demonstrating house-to-house combat and a mobile defense.

At Oberwittstadt, the final preparations are being made to fulfill the assignment "field maintenance of large-scale equipment."

The sun makes the soldiers in the blue coveralls sweat. At three stations various things are being demonstrated, including exchange of the tube of a 155-mm field howitzer, transmission change involving a Leopard combat tank, and the computer-controlled uniform REMUS measuring and testing instrument operated by the 12th Maintenance Battalion. While the blue color predominates here, it is the white color of the soldiers from the 12th Medical Battalion that predominates at the stationary division mobile field hospital.

A light transport helicopter brings casualties from the exercise. The doctors take immediate care of the wounded. The first helicopter flight visibly pleased Private Volker Knauer and his comrades.

A whole different type of care for casualties was being practiced by the casualty movement company. At the Tauberbischofsheim Railroad Station it attracted many curious and interested people. Staff Sergeant Leopold Meister, the company sergeant of this equipment company, talked with some sentimentality of the many things he experienced during his military service. Now, he is retiring.

The end of the exercise caught the 4th Company of the 541st Armored Infantry Battalion south of Ochsenfurt. The movement credit number is already chalked onto the vehicles as the company chief completes handing out the orders to return to Zweibruecken. They will arrive there late at night. Next day, the equipment must be put in order again and stored. In other words, the Army

exercise is not over by a long shot for them, neither for the tank crews overlooking the Main River. Robert Hornung had served in this company at one time. He now met with some former training officers. For him, Operation Franconian Shield was a particular success. He is on his way to Volkach in order to start a helicopter ride which he won.

Pleasant fall weather accompanied this year's Army exercise. The rays of the sun give the final sweetness to the grapes on the vine. In several weeks, over many a pint, one will surely hear: "Do you still remember when we were with Operation Franconian Shield?..."

5911

CSO: 3620/71



## MODERNIZATION OF SUBMARINE FORCE ASSURED IN NEW BUDGET

Paris LE MONDE in French 6 Nov 86 p 9

[Article by J.I.]

[Text] With appropriations estimated at 474 billion francs now safely written into the budget, military planning now centers on modernization of strategic submarines, and in particular on the missile-launching submarines in the Strategic Oceanic Force (FOST). In addition to this naval "component" in deterrence strategy, France is moving ahead with its plan for a new land-based missile whose mobility will be enhanced by its extremely swift acceleration capacity.

This two-fold insurance is underwritten by Prime Minister Jacques Chirac and Defense Minister Andre Giraud, who co-signed the 1987-1991 military planning bill for submission to the cabinet on Wednesday 5 November. The bill, which must be approved by Parliament, supersedes the 1984-1988 plan drafted in 1983 by Prime Minister Pierre Mauroy and Defense Minister Charles Hernu. After the cabinet meeting, it will be submitted to the special committees (National Defense and Finance) of the National Assembly.

The new military plan consists of three portions. First there is an outline of the predominant elements in the international situation that indicates potential threat and that specifies the armed forces' missions and organization for the next 5 years. The second is very brief, and consists of citations of the Act providing the financial envelope allocated to the armed forces for that period. Lastly come appendices containing government economic reports on the basis of which it guarantees a given percentage of growth for the year's military appropriations. Unlike the earlier law which lumped operational expenditures and equipment appropriations together to provide an overall estimate for each of the five budgets from 1984 to 1986, the document submitted by Chirac and Giraud settle for a single estimate covering only estimates of appropriations for nuclear and traditional equipment for the armed forces and the national police force. This means that the bill contains no assessment of operational expenditures (expenditures and activities) for the 5-year period.

## Two-Way Compromise

For 1987 to 1991 the present government plans to allocate some 474 billion francs to be spent on equipment for the armed forces. This sum is quoted in constant francs at 1980 rates, which means that it is expected to guarantee purchasing power expressed in payment credits, rather than as in the past, in program authorizations.

Very lengthy discussions were needed between the Defense Ministry and the departments of Finance and Budget before that sum could be arrived at under the standard procedures. At the outset, Giraud was hoping to get something on the order of 500 billion francs to meet the requirements stipulated by the general staffs. After an initial counter-proposal of 400 billion, quickly scrapped, the offices of Edouard Balladur and Alain Juppe came up with an estimate of 445 billion francs. As the conversations continued, the various parties involved agreed on 474 billion francs—a sum midway between the two extremes—and hence a compromise.

For that matter, there is the feel of a compromise here, but this time it is between the President and the government with the list of commitments from Chirac and Giraud on the issue of selection of materiel needed by the armed forces.

There is no "major" item in the nuclear area, nor yet the conventional weapons sector—or even in space slated for scrapping. The ground forces will get their Leclercq combat tank (they expect to get 1,400 of them at 22 million francs apiece) as well as their new sub-strategic Hades weapon (successor to the Pluton), even before the weapon's deployment mode has been determined (the order of engagement is for the president to decide).

The Navy, which will have to finance the new new missile-launching nuclear submarine (known as "new generation" or NG) and its Richelieu nuclear-propelled aircraft carrier, will see its surface shipbuilding program spread out over time. The air force will be getting radar-equipped planes (given 8 billion francs for procurement), and will have to decide by next year on the specific capabilities it wants in its Rafale fighter, given a choice among nine proposed versions for the aircraft.

## The Socialist Position

If the NG submarine keeps its priority, as the President demands, the government will not, for the time being, give up its determination to get a new ground-based missile, which it calls the new component in deterrence, whose deployment will be timed in anticipation of or response to events.

Up in space, the planning act retains the Helios military observation satellite as well as the Syracuse-2 satellite transmission system.

In order to fit all these wish-lists into the tight financial envelope that will hold only something in the neighborhood of 474 billion francs, the Defense Ministry, which steadfastly refuses to let go of any of its initial projects, has had to recast some and put others on temporary "hold." As a result, the enhanced mobility anticipated from the new land-based deterrent component will be down-graded to meet criteria other than those called for in the initial deployment decision on the SX missile. The Rafale combat aircraft will be spread over time.

As things look now, the Chirac-Giraud bill will be in the forefront of the debate slated for 12 November at Palais-Bourbon on the 1987 military budget, which is the first stage in the planning process. In the opposition ranks, the Socialists would rather wait until they get a good look at the precise contents of these two bills—the budget bill and the planning bill—before making up their minds. There is, however, a trend inside the PS, whose spokesman is Charles Hernu, that favors approving both bills, provided the military planning bill, approved by the cabinet, has the imprimatur of the Head of State and Commander-in-Chief of the **Armed Forces**. The catch is that not all Socialist deputies are of that opinion. The Party's Parliamentary Group is planning to make its views known following an earlier meeting on the morning of 12 November.

6182

CSO: 3519/25

## GOVERNMENT REVENUES FROM NATURAL GAS SALES DROP

Rotterdam NRC HANDELSBLAD in Dutch 5 Nov 86 p 12

[Unattributed article: "State Gas Profits Down More Than 3 Billion Already"]

[Text] Rotterdam, 5 November -- Because of the drop in the price of natural gas and a reduction of Dutch gas exports, the Dutch state has seen its gas profits decline by more than 3 billion guilders already during the first 9 months of this year. This calculation is based on the sales figures of the Dutch Gas Service over the first three quarters of this year.

During the period from January through September, domestic gas sales remained stable at 30.7 billion cubic meters. However, fully according to the expectations of the so-called Gas Marketing Plan, sales abroad declined by about 9 percent, from 57.3 to 52 billion cubic meters.

A spokesman for the Gas Service noted that the drop in the amount of exports is the result of a gradual running out of old supply contracts. Gas exports are declining structurally. The Gas Service has concluded new contracts with a number of buyers in Western Europe which extends deliveries by about 10 years. But that does not alter the fact that the share of Dutch gas in the West European market will drop from about 28 percent in 1985 to about 18 percent in 1990. That share will then remain more or less stable until the year 2000. This is a relative percentage because the total volume of the West European natural gas market is going up slightly.

The reduced natural gas returns of the state over the first three quarters of the year are approximately equal to 1 percent of the national income. For 1986 as a whole, gas profits for the state in the latest budget memorandum were estimated at about 21 billion guilders, whereas only 10 billion guilders have been budgeted for 1987.

8463

CSO: 3614/16

## THREE COAL-FIRED POWER PLANTS TO BE BUILT BY 1996

Rotterdam NRC HANDELSBLAD in Dutch 4 Nov 86 p 1

[Unattributed article: "Three Coal-Fired Power Plants Will Require 3 Billion Guilders Before 1996"]

[Text] Arnhem, 4 November -- The proposed construction of three new coal-fired power plants in our country will require an investment of about 3 billion guilders before 1996 from the joint power producers.

It will be possible to spend at least two-thirds of that in the Netherlands. This would produce more than 12,000 man years in direct employment and approximately 5,000 man years in indirect industrial employment.

This is apparent from the draft electricity plan from the Cooperating Electric Power Companies [SEP], new details of which were leaked yesterday. The draft was drawn up by the SEP management and will be discussed in the course of this month by commissioners and shareholders before being submitted to the minister of economic affairs for approval.

Two months ago it became known already that the SEP management wants to open three new coal-fired power plants of 600 megawatts each in the years 1993, 1994 and 1995. Two weeks ago it became apparent that locations being considered for the two first power plants are near Geertruidenberg (Amercentrale) and near Amsterdam (Hemweg).

SEP is not yet willing at this stage to set a location for the third new coal-fired power plant -- for which Borssele, Eemshaven, Geertruidenberg, Lelystad and the Meuse plain are being considered. This is related to the uncertainty concerning whether new nuclear power plants will be built in our country. The political decision on this matter was postponed following the nuclear reactor accident at Chernobyl in Russia. The government has put pressure on SEP not to plan coal-fired power plants at this time in locations which have also been selected for the possible construction of new nuclear power plants.

According to SEP, the new coal-fired power plants are necessary to meet the demand for electricity in our country 10 years from now. SEP is assuming that over the coming years power consumption will rise an average of 1.3 percent per year. SEP noted that during the period between 1996 and 2005 a large part of the existing power plant system will have to be replaced. SEP is specifically keeping the nuclear energy option open to fulfill this plan.



## ACTIVITIES IN OFFSHORE OIL, GAS SURVEYED

Rotterdam NRC HANDELSBLAD in Dutch 5 Nov 86 p 12

[Article by editor Pieter Graf: "Dutch Offshore Activities Directed Primarily to New Construction"]

[Text] The Hague, 5 November -- Dutch industries active in offshore operations (the search for and extraction of oil and gas at sea) on the Dutch part of the continental shelf are involved primarily in new construction and to a much lesser extent in exploration and exploitation. It is precisely for new construction activities that the future is somber.

This involvement results in part from the presence of a large number of specialized engineering offices, a number of steel construction companies and the favorable geographic location of the relevant industries.

This is shown by a survey carried out by the Ministry of Economic Affairs [EZ] among 13 oil companies active on the Dutch shelf. Of those 13, 11 cooperated with the study. The oil companies were asked, among other things, why they did not buy certain products in the Netherlands.

Engineer J.J. Kooijman, head of the manufacturing and heavy industry department at EZ, said: "When products are not ordered in the Netherlands, the relevant companies blame the quality, the price and the delivery time. This sequence applies to processing casks, for example, and it is the general result of the survey." There appears to be a basic weakness in the relevant industry in this regard. Everything works reasonably well as long as the client himself takes care of all the engineering and provides drawings for the desired product.

## Quality

Things become more difficult when the Dutch company itself must do the drafting, while foreign licences must often be used also for certain parts. A number of oil companies have indicated that, among other things, heat exchangers, gas drying systems and generators do not meet their requirements either. For control panels, lighting, electrical cables and alarm systems the price often plays a role.

In addition, the oil companies do not order flexible connections for pipelines (risers) and supply lines in the Netherlands but abroad. Kooijman noted: "That is because those products are not available at all in the package offered by Dutch industry. Or if they are available, they are felt to be too expensive. There is often also the consideration that the potential buyer feels that the relevant company does not have enough experience."

The survey from the Offshore Operations Department at E2 used 1984 as a point of departure. That year, a total of 3.1 billion guilders were spent on offshore activities on the Dutch part of the continental shelf. Of this amount, 646 million guilders (20.6 percent) were spent on prospecting for gas and oil. New construction amounted to more than 1.6 billion (52.6 percent) -- of which 1.1 billion was borne by Dutch industry and the service sector -- and the remainder, 839 million (20.6 percent), was intended for the exploitation of the various installations. The largest share by far of the more than 3 billion guilders involved exploration for and extraction of gas, specifically nearly 70 percent, which comes down to 2.1 million guilders.

In 1984, a total of 1374 million guilders (44 percent of total spending) was allotted for drilling. The survey data show that 33 assessment and exploration drillings were carried out at an average price per drilling of 15.5 million guilders. All the production drillings (32) together cost 850 million guilders, which amounts to about 26 million guilders per drilling.

Somber

Dutch industry is least represented in the exploration phase. According to Kooijman, "that is due to specific know how and experience. That area is largely in the hands of the Americans." As a matter of fact, -- in spite of the sharply reduced price of oil -- the level of exploration this year remains the same as in 1984. A slight increase will occur in operational activities. The situation in the new construction sector is frankly somber.

Even though originally the oil companies expected an increase in turnover in this sector for 1986 of about 1.7 billion to 2.2 billion guilders, this expectation has since been adjusted downward by 30 percent to a level which is more than a billion guilders lower, and which represents a reduction of about 500 million guilders compared to 1985.

The weak points in the Dutch offshore industry are known now; then the question arises of what E2 will do further. Kooijman said: "The ink has just dried. We will take this up with the relevant branch organizations and then try to take action. In terms of content I cannot anticipate this. But I do think that a declining growth cycle will create a greater tendency to work together. I have certain expectations in that area."

8463

CSO: 3614/16

## COMMENTATOR CRITICIZES GOVERNMENT ON SEABED MINING

Rotterdam NRC HANDELSBLAD in Dutch 5 Nov 86 p 9

[Article by Jan Tinbergen, professor emeritus of economics: "Netherlands Chooses Wrong Company for Ocean Mining"]

[Text] Only a small segment of the politically interested public in the Netherlands seems to be aware that a conflict is developing about the new law of the sea. It involves the law of the sea as embodied in a draft adopted by the Third United Nations Law of the Sea Conference in April 1982. It was adopted by a vote of 130 states in favor, 4 against, and 17 abstentions. This new law of the sea is contained in 320 articles and 9 technical appendices and is the result of the largest and longest conference ever held. What is more important: it has provided a solution to adjust existing law of the sea to the many new problems faced by seafaring humanity as a result of technical and political developments.

Technical development has led, among other things, to a major increase in the transportation of mineral oils in very large ships, which carries with it the risk of enormous environmental pollution. Technical development has also resulted in oil extraction taking place below the sea level and the possibility of mining "manganese nodules," which can be found on the bed of very deep oceans, and from which a number of metals can be extracted. Finally, energy can also be mined in a different manner from the oceans, for example from the ocean currents.

Political developments have led to the creation, as a result of the decolonization process, of a large number of new states which are struggling with serious problems of poverty. In addition, the economic interdependence of the countries of the world has greatly increased.

The solution chosen by the draft treaty is based on a new premise, that of the "Common Heritage of Mankind." The heart of this is that earthly wealth which has not yet been claimed by any sovereign state, should be declared the common property of mankind and be managed in the name of the world population as a whole. This principle is so important because it opens the possibility of increasing the prosperity of that population -- and specifically of the poorest countries -- without damaging others in the process.

## New Bodies

The new law of the sea determines by what new bodies and how this goal and others can be achieved. One of the institutions is a supranational "enterprise" which, in joint ventures with private enterprises, can explore and exploit certain parts of the seabed and the sea. (This may well provide an example which could be followed in other areas, such as environmental management and the management of the atmosphere and outer space).

Aside from the central premise, which was developed in 1967 in the United Nations General Assembly by the representative from Malta, Ambassador Alvid Pardo, the procedures of the Conference were also original in many respects, so that this work (which required 9 years of a number of very capable participants, male and female, and advisers) must be considered as a remarkable achievement.

## Undermining

The technical knowledge and skill with which the newly discovered wealth must be obtained will naturally come from the private enterprises with which the joint ventures are undertaken. A number of these prefer not to share the proceeds with the yet to be created "Sea Authority," which the proposed supranational "enterprise" will be a part of, but to appropriate them completely for themselves. A number of conservative governments which have come to power since the beginning of the Third Law of the Sea Conference in a number of industrial countries, have joined together in a so-called Temporary Agreement to serve the interests of these private companies. Apparently they are putting the international-political advantage of improving the welfare of the poor countries behind some extra profit for a number of large enterprises. This attitude fits in with the fact that conservative Western governments have also set aside the recommendations of the "Pearson Committee" in 1969, against the advice of their own experts. Elsewhere I have pointed out that if those recommendations had been implemented there would be no need for the existence of a debt problem today.

In late October, the Dutch government submitted to the Second Chamber the question of whether the Netherlands should join this Temporary Agreement. The only representative who considered this question in a thoroughly documented speech was PvdA member Mrs Herfkens. She carefully considered the previous history and background of the Treaty as well as the discussions which took place in international professional law circles. It seems to me that she was able to determine on firm grounds that joining the Temporary Agreement is contrary to the draft Law of the Sea Treaty in which Dutch experts, particularly Professor Riphagen, have participated intensively.

The government's position seems to be primarily dictated by the desire to maintain a good understanding with those above mentioned conservative governments. It seems to me that more weight should be given to three other aspects of the matter, which imply that the Netherlands has a different role to play here.

First of all, we have a past with regard to the law of the sea, as a result of our past in the area of seafaring. The Netherlands is the country of Hugo Grotius.

Secondly, from Hugo Grotius until now international law in the Netherlands has been practiced by internationally known experts. I will name only a few: Van Eysinga, Van Vollenhoven, Van Asbeck, Roling. The seat of the International Court of Justice is in the Netherlands.

Thirdly, Dutch governments together with the Scandinavian countries have with regard to the Third World followed the recommendations of the Pearson Committee. Even the current government has very clearly distanced itself in this way from the large (United States and Japan) and medium size (Federal Republic of Germany, United Kingdom, and France) countries.

Would not the Netherlands play a more constructive role if it were to choose different company also in terms of the law of the sea than the conservative group the government wants to join now?

8463

CSO: 3614/15

END



**END OF**

**FICHE**

**DATE FILMED**

21 JAN. 1987